SENATE—*Thursday, March 4, 1993*

(Legislative day of Wednesday, March 3, 1993)

The Senate met at 10:30 a.m., on the expiration of the recess, and was called to order by the Honorable BYRON L. DORGAN, a Senator from the State of North Dakota.

PRAYER

The Chaplain, the Reverend Richard C. Halverson, D.D., offered the following prayer:

Let us pray:

The word of the psalmist, "Behold, how good and how pleasant it is for brethren to dwell together in unity!" (Psalm 133:1) United we stand. Divided we fall.

Eternal God, Father of us all, help the Senate to live up to its symbol as a living model of the unity of the Nation. As the Senators consider issues basic to the health of the Nation, and as they make decisions which secure or threaten the future, may they demonstrate the unparalleled power they have. Save them from being a body in which the whole is less than the sum of its parts. Grant wisdom; dampen partisanship and an independent spirit.

Gracious Lord, struggling with weighty problems about which all have deep convictions and, in spite of constituent pressure, grant the Senate the gift of compromise which will resolve gridlock and open the door to resolution.

We pray in the name of Him who is Truth incarnate. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore [Mr. BYRD].

The assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, DC, March 4, 1993.

To the Senate:

Under the provisions of rule I, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable BYRON L. DORGAN, a Senator from the State of North Dakota, to perform the duties of the Chair.

ROBERT C. BYRD,
President pro tempore.

Mr. DORGAN thereupon assumed the chair as Acting President pro tempore.

RESERVATION OF LEADER TIME

The ACTING PRESIDENT pro tempore. Under the previous order, the leadership time is reserved.

MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of morning business not to extend beyond the hour of 11:45 a.m., with Senators permitted to speak therein for not to exceed 5 minutes each.

Mr. GRASSLEY addressed the Chair.

The ACTING PRESIDENT pro tempore. The Senator from Iowa is recognized to speak for 10 minutes.

THE TAX IMPACT ON AGRICULTURE AND RURAL COMMUNITIES

Mr. GRASSLEY. Mr. President, I have spoken earlier on my general opposition to the proposed energy tax, the disproportionate impact it would have on the lower and middle class, and the disastrous effect it would have on the economy of the United States.

I will not belabor those points again today.

I rise instead, Mr. President, to address the impact that such a tax would have on agriculture—not only in my home State of Iowa, but also in the Nation as a whole.

Whether it be the row crop and livestock producers in Iowa, or the farmers raising any of the many food or fiber products across this great country, farmers are almost wholly dependent upon fuel. Be it gasoline, diesel, liquid petroleum, natural gas—fuel is the lifeblood that drives American agriculture. Farmers primarily depend on fuel to operate their machinery to plant, tend, and harvest their crops. But, Mr. President, these are only the direct costs.

Indirectly, they rely on fuel to have their seed, fertilizer, and other farm inputs delivered; they rely on fuel to haul their harvest and livestock to market; they rely on fertilizers, herbicides, and pesticides that are energy-intensive products; they rely on fuel derivatives like motor oils.

These direct and indirect costs are substantial. For every gallon of fuel used by the farmer, the farmer uses another gallon indirectly. Thus, under an energy tax, farmers would pay twice: once for the direct use of fuel, and again for the increased input costs.

By way of example, given a 25.7-cent-per-million Btu rate, and a 59.9-per-million Btu oil rate, gasoline prices would increase 7.5 cents a gallon, diesel fuel 8.3 cents, and liquid petroleum, 2.3 cents. The direct average cost for a typical 430-acre midwestern grain farm would be $800 a year. The indirect costs, another $800 a year, making a grand total of $1,600 per year for an average farm.

As a consumption tax, President Clinton's proposal would increase production expenses and lower net farm income. Under Clinton's plan, a farmer could expect a decrease of farm income from somewhere between 2 to 2.5 percent.

Mr. President, some businesses would grudgingly accept an energy tax, well aware that they can pass these costs onto the consumer.

To be sure, those businesses may suffer some, losing sales to higher costs—but on the whole, added costs will be passed along to the consumer. But the farmer has no similar luxury. Farmers, as we all know, are not price setters; they are price-takers. Are we to tell the farmer to just add a dime to the price of a bushel of corn or beans? Are we to tell them to just add a quarter to the price of beef or pork?

Weather, worldwide demand, politics—domestic and foreign—determine the price the farmer receives in the market. Added costs from a consumption tax would come off the farmers already precarious financial condition. Indeed, the farmer is in a double bind: he pays the higher costs that are passed on to him, but cannot likewise ask more for his product.

President Clinton has also proposed a user fee on barges navigating the Nation's inland waterways. For those unfamiliar with the marketing of grain, most American grain destined for export travels via barge to ports on the gulf, where it is then shipped to its foreign destination. The proposal would increase the tax on fuel used by barges from its current 19 cents a gallon to $1.19 a gallon.

Such a tax would add between 9 to 18 cents a bushel to the transportation costs of grain, depending on the distance to the deep water ports. Given the competitiveness of the world grain markets, very little, if any, of the increased costs could be passed on to foreign buyers; the added costs a shipper would have to bear would probably be passed back to the farmer.

Given that a State like Iowa exported approximately 400 million bushels of corn in 1991, the costs to Iowa—to the State in general and the farmer in particular—would be enormous. Under a conservative estimate, farmers producing for export would incur additional expenses of $18 per acre; that,

Mr. President, would be the death knell for many Iowa producers.

Finally, Mr. President, since I last took the floor to speak on this issue, I have learned that a Member of the House of Representatives is proposing an environmental tax on fertilizers and pesticides to pay for, among other things, cleanup of the Boston Harbor and funding for city sewer systems. Such a tax would substantially raise the price of farm inputs that farmers depend on to raise their crops.

Indeed, it has been estimated that a 700-acre farm would pay an additional $6,000 a year through such a tax. And like the energy tax, the farmer would again pay twice—not only would they have to pay a tax on the use of farm inputs, but would would absorb about $250 million more in higher fertilizer prices, to cover wastewater traces imposed on wastewaters discharged by fertilizer plants.

And these taxes would not only be felt by the farmer. Many rural communities, already struggling to provide for an elderly population the barest of services through a dwindling tax base, would be cut adrift by such a tax. Six in ten Iowa jobs are related to agriculture; as goes agriculture in Iowa, so go many of its towns and communities.

Any adverse effect that these taxes would have on farming would certainly reverberate through our small communities, possibly with devastating effects. Moreover, off-farm jobs and schools, doctors, and other vital services, grocers and merchants are often located only over considerable distances. And thus a car remains the only lifeline many of the people have to the most basic services.

Mr. President, there is no disputing that Americans who use more gasoline than the national average would bear a disproportionate share of any fuel consumption tax. Iowa has a per capita gas consumption of over 500 gallons per year, while New York's consumption is only 268 gallons. Iowans would thus be saddled with a burden almost twice as great as a New Yorker's. Where is the fairness in that?

Already rural drivers are subsidizing big city mass transit. Now rural Americans are asked to carry an even higher unfair tax burden.

With a combined Btu, inland waterways, and environmental tax, the farmers would pay more than their fair share, sometimes paying both directly and indirectly under these proposals. First, farmers would pay higher gas prices on the farm. Second, farmers would absorb higher prices indirectly passed on by the Btu tax on energy-intensive farm inputs and transportation costs. Third, farmers would pay higher costs as consumers of electricity. Fourth, farmers would pay higher direct fertilizer prices under an environmental tax.

And, fifth, farmers would indirectly shoulder the costs passed back to them through barge user fees imposed on grain shipments on our inland waterways. I respectfully submit that farmers and ranchers are willing to pay their fair share of this Nation's burdens. But how many times does the farmer have to pay? Five different times, at any rate, is simply too much.

As the Washington Post recently noted, though agriculture comprises only 1.8 percent of domestic spending, it will shoulder 6.4 percent of the cuts recently proposed by President Clinton over the next 4 years. To many of us, that should be no surprise. Certainly, over the years, agriculture has been willing to shoulder more than its share of the burdens.

Since 1982, agriculture has been a prominent part of every deficit-reduction package. Farm program spending has been cut by 50 percent since 1986, while many areas of Federal spending have gone untouched. To emphasize, these three select tax proposals are just a small share of the taxes targeted to the agricultural sector.

Nonetheless, these taxes demonstrate the inequity in President Clinton's plan, and reinforce the notion that budget cuts need to be spread evenly. To emphasize, Mr. President, I am not suggesting that agriculture be exempt from all tax increases or budget cuts; I would just hope that other sectors of our country would be asked to make a contribution commensurate with the burdens now being placed on the shoulders of our farmers, ranchers and rural communities by President Clinton's proposal.

But let us not kid ourselves. President Clinton's package is not about taxes; it is not about lining the coffers of the Federal Government.

This is about spending, pure and simple. Taxes—whether it be the Btu tax, the waterway tax, or the environmental tax—would not be necessary if Congress' insatiable thirst to spend was quenched. When will an honest discourse begin? History has shown us time and time again that increasing taxes will not shave a penny off the Federal deficit. And until we examine and curtail the profligate ways of Congress, the American public will be saddled with a deficit that will never be reduced, and the American public will be continued to be sold a bill of goods as deceptive and as fraudulent as the goods sold by the snake oil salesman of old.

Farmers for too long have been at the mercy of events out of their control. If the spring floods do not get them, then the summer drought will. If a late winter does not keep them from planting, then the early snows will keep them from harvesting. Currently, farmers are trying to adjust to reduced farm price supports and a highly competitive world economy.

The stalled GATT talks and Russian credit situation also bode poorly for the agricultural sector. Some of these taxes would simply add another variable to the already iffy proposition the American farmer faces.

Mr. President, these taxes would saddle the farmer with another cost he could not bear, another cost he could not pass on.

I urge my colleagues to cast a hard, critical look at these proposals, and to fully consider the ramifications that such a tax would have on the farmers and ranchers, on the smaller communities in general, and on the most reliable source of safe and plentiful food the world has ever known.

I would ask unanimous consent that the article from the February 28, 1993, Washington Post be printed in the RECORD at this time. Mr. President, I yield the floor.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

CLINTON CUTS WEIGHTED AGAINST FARMERS, LOBBYISTS SAY

(By William Claiborne)

Facing $8 billion in federal spending cuts and additional user fees over the next four years, farm-state lawmakers and agriculture lobbyists say they will learn to live with the broad outlines of President Clinton's deficit-reduction plan, although they believe they are shouldering an undue share of the proposed spending cuts.

The farm advocates are urging the administration to consider spreading the cuts more evenly in all areas of federal spending, including entitlements. They also plan to push for a closer examination of the impact of the proposed energy tax, which they say could add $600 million in operating costs to farmers, who rank fifth among all user categories in per capita consumption of energy.

"Most producers recognize the beneficial impact of deficit reduction on farmers as well as everybody else, and we are willing to do what needs to be done as long as others assume their fair share of the burden, too," said Grant Buntrock, director of the National Farmers Organization.

"When we think what could have happened," Buntrock said, "frankly we were relieved. But the fact is, proportionally we're taking the biggest cut of any part of the budget."

Clinton's proposal seeks to cut $3.8 billion from programs that protect and subsidize the incomes of major commodity producers, trim $2 billion from the $10 billion annual cost of farm subsidies, and save $1.03 billion over four years by reducing the amount of acreage eligible for crop subsidies for wheat, feed grains, rice and cotton.

Rep. Charles W. Stenholm (D-Tex.), a farmer and chairman of the House Agriculture subcommittee on livestock, dairy and poultry, estimated that although agriculture accounts for only 1.8 percent of domestic spending, it will shoulder 6.4 percent of the cuts over the next four years, ending up 10 percent below its current spending level.

However, he said, only $636 million of the $17.6 billion in the stimulus package and $1.5 billion of the $99 billion of new spending in the investment package are in the agriculture sector.

Farm lobbyists said that absorbing more than three times more cuts—in terms of percentage of budget—than any other domestic sector of the federal government would be

more palatable were it not for the bitter memory of record commodity program cuts in 1989.

After reaching a high of $26 billion in 1987, following a debilitating drought, commodity program spending plunged to $14 billion two years later, putting farmers under financial strains from which many are still trying to recover, spokesmen for farm support groups said.

"Since 1982, agriculture has been a part of every deficit-reduction package. Agriculture has taken its fair share of cuts, while many other areas of federal spending have gone untouched," said Dean Kleckner, president of the American Farm Bureau Federation.

During a trip to his home state of Mississippi and to Louisiana and Texas to promote the Clinton economic plan, Agriculture Secretary Mike Espy repeatedly stressed that agriculture had escaped relatively unscathed from the spending cuts, largely because the administration did not want to weaken its negotiating position with the heavily subsidized European producers during the talks for a General Agreement on Tariffs and Trade (GATT) and the North American Free Trade Agreement.

Staff members on the key agriculture committees that will consider Clinton's farm proposals predicted that the administration's $8 billion target for spending cuts will survive relatively intact, but that the mix of program slashes and subsidy reductions will look different than it does now.

A pivotal figure in deciding what the cuts will look like is Rep. Richard J. Durbin (D-Ill.), who recently became head of the Appropriations subcommittee on rural development, agriculture and related agencies, which oversees more than $60 billion in crop subsidies, food programs and market regulations.

Durbin, who grew up in cities, is considered by some legislative analysts as likely to switch the subcommittee's focus from traditional subsidy and other farm income support issues to food stamp and nutrition programs for poor families, as well as environmental issues.

Among the most contentious cost-saving agriculture proposals that Congress will consider:

Increasing user fees for meat and poultry inspection, a proposal that has been made before and has failed in Congress. It would save $59 million.

Increasing from 15 percent to 25 percent the amount of so-called triple-base acreage on which a farmer will be unable to qualify for crop deficiency payments for certain commodities. The proposal would result in substantial losses of income for thousands of farmers. It would save more than $1 billion over five years.

The ACTING PRESIDENT pro tempore. The time of the Senator from Iowa has expired.

Mr. LOTT. Mr. President, I ask unanimous consent to proceed for 1 minute as in morning business.

The ACTING PRESIDENT pro tempore. The Senator from Mississippi.

Mr. LOTT. I thank the Chair.

(The remarks of Mr. LOTT pertaining to the introduction of S. 499 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

The ACTING PRESIDENT pro tempore. The Senator from Vermont is recognized to speak for up to 15 minutes.

RESTRUCTURING RUSSIAN AID

Mr. LEAHY. Mr. President, from 1914 to 1918, we fought the "war to end all wars." Then, 15 years later, Germany was led by a psychotic dictator and in a few more years the world was engulfed in a second conflagration that cost the lives of tens of million human beings.

We fought the Second World War to achieve the four freedoms, one of which of course was the "freedom from fear."

Then for the next 40 years we lived under the specter of the most fearsome threat to humanity—nuclear war. The cold war cost the American taxpayers trillions of dollars and the lives of tens of thousands of U.S. service men and women from Korea to Vietnam.

But in 1989 we won the cold war.

The fundamental question that this Nation must face now is whether we will win the cold war but then lose the peace. We have learned from the lessons of World Wars I and II that winning the peace is just as important as winning the war.

Helping Russia to make the transition from communism to democracy confronts the West with the greatest foreign policy challenge since World War II. No one needs to be reminded that the Russians have thousands of nuclear weapons, making them the only country in the world that can totally destroy the United States.

For the sake of our children, and our children's children, we have to rise to the challenge before us. If we do not find a way to rise to the challenge before us. If we do not find a way to stabilize the Russian economy, American taxpayers are going to end up holding a $4 billion bag of Russian debt. The baggage is too heavy to carry. But we do need to help the Russians. Not only is it in the interests of world peace, it is in our interests.

Let me underscore this, Mr. President. We hold $4 billion in Russian debt. The U.S. Government cosigned those notes. If we do not help their economy we, the U.S. taxpayers, will end up paying for that debt. Does it not make a lot more sense to help them get their economy underway so they might pay the debt themselves and hot have us do it?

We also need to remember, from the perspective of world peace, the danger of political extremism rising out of instability and hopelessness. Failure to change our business as usual stance can only result in unwanted, undemocratic and possibly very dangerous consequences in Russia.

If we continue as we are, not only will the bill get bigger and bigger and the debt burden of the United States heavier and heavier, but the awesome stakes for world peace are going to be raised.

As heavy as the budgetary costs of Russian defaults are, we must not forget the cost of failing to build a lasting democracy in Russia.

If the Communists were still in power in a united Soviet Union, our defense budget next year alone would be $100 billion higher than even that requested by President Bush—$100 billion extra in just 1 year if we were still facing the Soviet Union.

Any effort to help the former Soviet Union make the transition to a functioning democracy will, of course, be costly, but make no mistake—if we fail, the costs to the United States budget will be far greater than the costs of default to the United States agricultural aid programs. The default on our programs and our loans would cost us $4 billion. But if Russia defaults on democracy and fall back into dictatorship, the cost could be an extra $100 billion a year in defense spending to us, to say nothing about the greater threat.

I welcome President Clinton's statement of his intent to increase our direct grant assistance to Russia by $300 million.

The gesture is a critical signal of the new administration's intentions, and a step I urged him to take. In fact, I urge the administration to raise our direct bilateral aid to the former Soviet Republics from the current $450 million to $1 billion, even if the way to pay for it is to slash United States security assistance to other parts of the world, and other parts of the foreign aid program.

A large portion of this aid can be targeted to help provide a social safety net through such programs as provision of foods, including dairy products and other value-added products, to the neediest populations.

We must ask ourselves, as we look at every other part of the world where we are giving foreign aid, whether we ought to cut back on that aid and shift the money to Russia where direct United States national interests are far greater.

We also have to understand that bilateral grant assistance by the United States to Russia and the other Republics is only a small part of the overall assistance effort needed. While extremely helpful, especially when targeted at key sectors of the population and the economy, direct grant assistance by itself can never be provided by the United States or anyone else on a scale large enough to meet Russia's needs.

Currently the Clinton administration is in the process of reviewing the Bush administration's foreign aid allocations for fiscal year 1993 and of deciding on its own fiscal 1994 foreign aid request.

In both of these efforts, I call on the administration, in consultation with Congress, to restructure our bilateral grant assistance program for the States of the former Soviet Union.

Today the situation among the donor countries and institutions is sort of

like a group of people standing in a room and throwing darts at a dart board from all different directions. It would be much better if we join together and really target what we are doing. With the existing effort to help Russia and the CIS, we are trying to do too many things in too many places with too few resources. In fact, our current program is a laundry list of bureaucratic wish lists.

We are not making a difference that can be felt by all Russian people and if the difference cannot be felt by them, what difference does it make at all?

What have we accomplished? We are not giving the Russian people hope that things will get better under democracy and a free market, even though that is what we are trying to do and we need to do.

I urge the administration to decide on an overarching strategy of assistance, one that sets goals and targets our assistance in critical areas where it can make a tangible impact, not one that dribbles out a little in every single program that everybody in the State Department, Congress or elsewhere can think of.

We need a bold new grant assistance program focusing on these critical areas: Alleviation of the suffering of the poorest and most vulnerable sectors of the population; technical assistance in the essential institutions of a free market system especially banking, credit, and property rights modernization of sectors which offer the most immediate prospect for foreign exchange earnings on the part of Russia, particularly energy, agriculture, natural resources; and, as important as anything else, assistance in the building of a democratic society, including the functioning of legislatures and free media, free labor unions, and civic organizations.

As I said before, if we restructure our own bilateral grant assistance program, we would work closely with other major donors, including the European Community, the Europeans themselves, the Japanese, and the international financial institutions.

There has to be much stronger coordination of our efforts, and a more rational sharing of the burdens of assisting the Russians.

The piecemeal "go it alone" approach that the United States and some other donors are following is not working. With United States leadership the West must urgently develop bold and imaginative strategies to ease the way for Russia and the other States of the former Soviet Union to make an effective, peaceful transition to a market economy and lasting democracy.

We must give timely, effective help to those who want to cultivate democratic ideals and to increase cooperation with the West.

I strongly urge the administration to exercise aggressive leadership with the World Bank, the International Monetary Fund, the European Bank for Reconstruction and Development, Japan, and the Western Europeans.

We must devise an international strategy aimed to assist the Russians get through the present crisis and to build a stable democracy.

I understand that not even the United States and the allies together can provide Russia and the Commonwealth of Independent States with the level of assistance they need. But one thing I do know, time is running out. Up to now, we have been trying to give Russia backdoor foreign aid. We have used short-term Department of Agriculture Commodity Credit Corporation-guaranteed loans. We have used the Eximbank guarantees, and we have other types of disguised aid. But the Russians today already are in default on over $415 million of the CCC loans, as I predicted over a year ago they would be.

We have to break free from the hackneyed policies of the past. Let us accept the fact we are talking about foreign aid to Russia and the States of the former Soviet Union. The old rules do not apply, and the stakes are a lot different.

In reality, we are attempting to help a society recreate itself from ground zero. We cannot afford to treat Russia as a development problem. It is a unique situation. It needs innovative responses.

The major source of official debt to Russia from the United States is that debt guaranteed by our GSM–102 short-term export credit guarantee program.

Previously Russia agreed to accept the debt incurred by the former Soviet Union, as well as guaranteed debt which it obtained itself under the program.

I believe that the United States should participate in the multilateral process rather than unilaterally rescheduling the GSM-guaranteed debt.

Several questions must be addressed in the Paris Club debt rescheduling discussions.

First, should the debt of the former Soviet Union receive different treatment than debt incurred by Russia, the Ukraine, and the Commonwealth of Independent States?

Second, how should the debt be divided between Russia and the Ukraine?

Third, what types of new credit programs should be provided after a rescheduling to Russia and the Ukraine?

It is time to stop playing tricks, face up to the real costs and risks in helping Russia deal with its staggering financial problems. We need honesty in our foreign aid programs, and we do not have honesty in our foreign aid program with Russia today.

Department of Agriculture GSM programs are designed to be commercial programs, they are not supposed to be back door foreign aid. It is important to maintain the commercial nature of these programs, whether it is for Russia or the other 30 countries who participate in the program.

So I am saying today, Mr. President, we should not extend new guarantees or loans of a commercial nature to Russia at this time. We should stop right now. The Russians have been suspended from receiving new guarantees under the GSM Program because of their arrearages, and the suspension is not likely to change until they decide once again to meet their obligations to the United States of to a multilateral restructuring in the Paris Club.

We also need to maintain ties with Russia and the other Independent States because they are important trading partners for the United States. The exports of United States agricultural commodities to Russia are very important to our farmers. If the exports are reduced it will increase the costs of our domestic farm programs.

But, in order to strengthen ties we must establish a mutually beneficial aid policy and establish the foundations of a trade alliance.

Clearly, standard loans and guarantees on standard terms are not an effective way of dealing with the deep economic problems of Russia. It is not helping them and it certainly is not helping us and the U.S. taxpayers.

So I propose a two-stage approach to providing new assistance to Russia. The first stage of assistance would be short term. It would take effect immediately. Stage one would assist Russia through its current crisis, until the multilateral community is able to solve the larger question of debt restructuring.

The second style would provide a more balanced package of commercial, technical and humanitarian assistance to complement what the multilateral organizations some of the other bilateral donors have done. Here is how the plan would work:

In the first stage, the United States would provide increased food aid to the Republics and use concessional rather than commercial loans to Russia. To aid in this endeavor, I propose to remove the cap on transportation fees in the Food for Progress Program for Russia and the other Independent States during this year, and to suspend cargo preference requirements for these shipments. The Food for Progress Program can provide long-term credit on concessional terms. I urge the Department of Agriculture to target this program so it meets the short-term needs of the Russian people and that it receive commitments by the Russians to pay the arrearage of the GSM–102 debt in the near future.

During this time of budgetary restraint I propose that the cost for these Food for Progress shipments be paid for in part by excluding the former Soviet Union from new GSM guarantees during 1993.

In addition, I propose authorizing the use of existing export enhancement program to reduce costs for the former Soviet Union.

The export enhancement program largely benefits the export of grain.

If the Russian market is as important to the grain industry as they have indicated to me, they should be willing to bear the increased risk of the program which is needed to maintain that market.

I also believe that we should begin the debate on the type of assistance we could provide to Russia when the multilateral process has moved. This second act will provide a balance of commercial and assistance programs that reflect the ability of Russia to repay its debts.

I would also like to see this assistance tied to economic reforms. That means Russia must agree to perform and to accept conditionally on the assistance. The aid must be tightly linked to economic reforms.

A first step should be to establish separate revolving funds for intermediate term agriculture credits and guarantees for Russia and the Ukraine. The Secretary of Agriculture should have substantial flexibility to negotiate the longer terms of repayment in this commercial program, which should be operated through the Commodity Credit Corporation.

Initial funding for the program should be capped to limit the exposure to the U.S. taxpayers. In addition, Russia and the Ukraine should be allowed to draw on credits or guarantees at a level equal to repayments of any debt guaranteed by the Commodity Credit Corporation.

This will provide an incentive for Russia and the Ukraine to repay outstanding debts guaranteed by the Commodity Credit Corporation, or any amounts of GSM-guaranteed debt that is included in a Paris Club rescheduling.

A second step in this stage will be food aid that is targeted to achieve economic as well as humanitarian objectives.

United States agricultural commodities could be sold through the private sector in Russia and the proceeds used to match private funds from United States businesses that want to establish enterprises in Russia or as seed money for Russians that want to start up projects in agricultural distribution, processing, and marketing.

A third step will be enhanced barter transactions. The current financial problems in Russia are not the result of a lack of exports but an inability to retain the hard currency generated from their export sales. Barter sales make sense under these circumstances.

We also need to be more creative in our barter. Food delivered today in Russia could be bartered for delivery of oil, timber, or other resources to the United States in the future.

We might want to look at using GSM or OPIC programs to provide political risk insurance for U.S. companies interested in this type of barter for future delivery. USDA could also help establish a clearinghouse for companies interested in these type of deals.

Obviously devising a new global assistance strategy cannot all be done before the President meets President Yeltsin during the upcoming summit in April.

But I call on the administration to begin discussions immediately with Congress so President Clinton will be in a position to give President Yeltsin definite assurance of vigorous U.S. leadership. Our future, and theirs, depends on it.

Mr. President, a number of things that I suggested today are going to be controversial. When we start examining our aid levels to other countries in order to find money for more aid to Russia because we decide it is in America's security interests, we are going to hear from lobbyists for every single country now receiving foreign aid saying, "But don't touch ours." We cannot afford everything, Mr. President, and every single country receiving foreign aid today ought to be on notice that the United States must look first and foremost to its national security interests, and responding effectively to the crisis in Russia is in our national security interests. If we have to take money from other countries of lower priority to do it, that has to be carried out.

Limiting or removing cargo preference is also going to be controversial but, again, we have to ask what is in the best interest of the United States, and this step may well be in our best interests. There will be some farm lobbyists who will complain about what I propose on the export enhancement program but, again, we have to decide what is in the best interest of the United States of America and world peace. Those should be the fundamental questions. We ask ourselves as we consider how to respond to be situation in Russia.

We should not allow special interests from any group whatsoever to deter us from doing what is in the best interest of the United States of America, first and foremost. We have to determine what are the steps that will help bring about stability and democracy in Russia so that we do not have to protect our security interests in the future by adding another $100 billion to our defense budget. That is the real prospect we face if Russia becomes an undemocratic country with 20,000 nuclear warheads within its borders.

Mr. METZENBAUM addressed the Chair.

The PRESIDENT pro tempore. The Senator from Ohio [Mr. METZENBAUM] is recognized for not to exceed 5 minutes.

Mr. METZENBAUM. Mr. President, I ask unanimous consent the Senator from Ohio be recognized for a period not to exceed 15 minutes.

The PRESIDENT pro tempore. Is there objection? The Chair hearing no objection, the Senator from Ohio [Mr. METZENBAUM] is recognized for not to exceed 15 minutes.

Mr. METZENBAUM. I thank the Chair and I thank my colleagues on the floor.

(The remarks of Mr. METZENBAUM, Mr. GRAHAM, and Mr. MACK pertaining to the introduction of S. 500 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

Mr. GORTON addressed the Chair.

The PRESIDENT pro tempore. The Senator from Washington [Mr. GORTON] is recognized under the previous order to speak for up to 10 minutes.

PUBLIC SCHOOLS REDEFINITION ACT OF 1993

Mr. GORTON. Mr. President, I believe that parents, teachers, and local school administrators in Washington State know far more about educating children than government bureaucrats do. I also believe that school choice will not improve education unless parents and students have real choices. And finally, I am convinced that education reform cannot wait until next year. For these reasons I am proud to be an original cosponsor of S. 429, the Public Schools Redefinition Act of 1993. Yesterday Senators DURENBERGER and LIEBERMAN held a press conference introducing this important legislation and I am pleased to speak in favor of it today on the Senate floor.

Every year we hear reports that our public schools are not improving. Test scores remain low, dropout rates remain high, and new workers continue to lack many necessary skills. But, the innovative ideas necessary to erase this record and renew education in America are not waiting to be discovered—they already exist. In every community, parents, teachers, school administrators, and other community leaders know of specific ways to improve schools. The bureaucracy of the public school system, however, does not allow these ideas to be implemented effectively.

Attempts at public school reform often seem to come from the top down—tinkering with curriculum, altering teaching methods, and trying out new programs. Although these reforms are important, they are beholden to the current system and their results can be scarcely better than marginal. It is time to look at ways to reform schools from the bottom up. The Public Schools Redefinition Act of 1993, will do just that. This bill will allow parents, teachers, and members of the community—these local reformers who

already know what needs to be done—to start their own chartered public schools.

This legislation will provide Federal grants for the planning, equipment purchases, and other startup costs associated with establishing a charter school. In States which already have established charter schools programs, those grants will contain a 5-percent limit on administrative costs. In other States, like Washington, qualifying charter schools may apply for grants directly.

These new charter schools must be outcomes-based schools. They will not be held accountable for the curriculum they teach, but for the performance of their students. Neither will they be subject to the heavy hand of excessive State and Federal regulations. They will be required to comply only with State and Federal regulations on health and safety. This freedom will give local education reformers the chance to put their ideas into practice. The beneficiaries, of course, will be our children.

Charter schools must also be public schools. They cannot charge tuition, teach religion, discriminate, or admit students on a selective basis. The Governor's Council on Education Reform and Funding in Washington State recently recommended that the State encourage choice among publicly funded schools. Charter schools, by providing more and different choices, will serve to expand public school choice both in Washington State and across America.

Mr. President, charter schools are not some wild concept in education reform. Excellent models already exist in both Minnesota and California, and at least a dozen other States are currently considering similar programs at the State level.

Education reform is too important an issue not to act on this year. Although, in an ideal world, I still believe that school choice should include both public schools and private schools, it is time for the Senate to focus on education reform on which we are more likely to agree. Charter schools are both politically viable and effective.

My good friends and colleagues Senators DURENBERGER and LIEBERMAN have expended a great deal of effort in bringing charter schools into the national limelight. I now join them in urging the Clinton administration to include charter schools in any education reform package it may propose.

Mr. President, local education reformers should have their innovative ideas stymied by school system bureaucracies no longer. No longer should parents and students lack real and significant school choices. And no longer should Congress wait until next year to enact meaningful education reform. Therefore I urge my colleagues to join with Senators DURENBERGER, LIEBERMAN, KERREY, and this Senator in support of the Public Schools Redefinition Act of 1993.

The PRESIDENT pro tempore. The Senator from South Dakota [Mr. PRESSLER] is recognized under the order for not to exceed 10 minutes.

BUYERS BEWARE: THE AUTOMOBILE DAMAGE CONSUMER PROTECTION ACT OF 1993—S. 485

Mr. PRESSLER. Mr. President, yesterday I introduced the Automobile Damage Consumer Protection Act of 1993. This legislation addresses one of the most pressing issues currently facing American consumers: automobile title fraud. The time has come for Congress to penalize this crime and protect the consumer.

Every day, many Americans unknowingly buy new or used cars that are rebuilt junk or salvaged vehicles. If repaired improperly, the consumer faces the risks of accidental death or serious injury, as well as increased economic burdens for medical and automobile repair costs. Unintended loopholes in interstate titling procedures facilitate this salvage fraud. Also, there is currently no uniform national law requiring disclosure of major automobile damage when the title is transferred.

As a result, innocent consumers own vehicles with fraudulent titles—titles that have been cleaned up to falsely reflect damage history. This process is known as automobile title washing. Title washing costs consumers nearly $3 billion each year. The root of this problem is simple: Each State treats damaged vehicles differently.

For example, in 1988 my home State of South Dakota passed the most comprehensive automobile damage disclosure law in the Nation. It requires all car owners to report any damage in excess of $2,000 to the State department of motor vehicles. This law protects some but not all South Dakota consumers because it only applies to car sales within the State. The South Dakota law can't prevent interstate title washing. In other words, the main flaw in South Dakota's law is that it does not exist in every State.

With diverse State laws, car owners or sellers can transfer old titles interstate. The interstate transfer cleans them so the new titles no longer reflect previous damage. These clean titles will not list previous damage. Sadly, in these cases, what the consumers don't know could hurt them.

How can we solve this problem? One solution is a national damage disclosure requirement of all States. That is the centerpiece of the legislation I am introducing today, the Automobile Damage Consumer Protection Act.

Specifically, my legislation would mandate a disclosure statement on the title of a vehicle that has sustained damage of $1,000 or more. The concept is to reveal major damage at the point of title transfer. This requirement would apply to all vehicles built new 9 years ago or earlier, which coincides with the Federal Truth in Mileage Act.

Additionally, this bill would establish both civil and criminal penalties for those who willfully and knowingly violate the damage disclosure requirement. Since my legislation would require each transferred title to list major damage to the car, a national uniform title format is necessary. Therefore, my bill would grant the Secretary of Transportation the authority to establish regulations requiring uniformity on all new automobile titles.

Consumers deserve the right to know the damage history of used vehicles they plan to purchase. On this issue, several State governments have demonstrated unquestioned leadership and foresight. I particularly am proud that my home State of South Dakota is leading the charge against title washing or fraud. I commend the legislators in South Dakota for their leadership in enacting State damage disclosure law. I also wish to commend Art and Marie Nordstrom—automobile rebuilders from Garretson, SD. Art and Marie developed the initial damage disclosure idea in South Dakota and labored diligently for years to get it enacted into State law.

Art and Marie are an inspiration to all Americans—they have demonstrated that private citizens still can make a difference. Their law works in the State. Their law can work even better on a national scale. South Dakota has set a standard other States should follow.

Since I announced last week my intention to introduce the Automobile Damage Consumer Protection Act, I have received more than 200 letters from South Dakotans and other Americans who believe strongly in the advantages of this damage disclosure bill. According to Debra Hillmer, director of the South Dakota Department of Motor Vehicles:

> Since the intent of all salvage laws is to protect the consumer, our [South Dakota's] present method of disclosing damage is a very effective means of informing the public of a vehicle's condition. In addition, it is extremely easy to administer in that it does not require that the State make any type of determination as to the condition of the vehicle but still provides the consumer with vital information. If more States adopt this legislation, we may eliminate title washing while providing the consumer with relevant information about the vehicle.

According to one of the main sponsors of South Dakota's law, legislator John Timmer.

> I was one of the prime sponsors of this [damage disclosure] legislation some years ago. In my opinion, this has protected the South Dakota citizen from what certainly was a chaotic and dishonest method of selling previously damaged and rebuilt automobiles. This is a type of law that should be implemented nationally to help with the many problems that other States are having.

Today citizens cross States lines freely, and must have the same protection provided in all of America.

Debra and John are just two of the many, many citizens who sent letters of support regarding damage disclosure. They all agree that consumers should have the right to know the damage history of vehicles they plan to purchase. It is that simple. My bill would raise a red flag to consumers. It would let the buyer beware.

Additionally, since repaired or rebuilt vehicles often consist of stolen automobile parts, damage disclosure represents a tip for law enforcement. Under my legislation law enforcement members across the country stand a better chance to track stolen parts.

Automobile damage disclosure is a necessary consumer protection. I ask my colleagues to support this legislation. I have been a vocal advocate against all types of automobile fraud for years. I will continue my fight for the consumer in the years ahead.

Mr. President, I ask unanimous consent that the text of my bill, S. 485, several letters, an article from the New York Times, and two articles from Automotive Recycling be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 485

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Automobile Damage Consumer Protection Act of 1993".

SEC. 2. MOTOR VEHICLE DAMAGE DISCLOSURE REQUIREMENTS.

The Motor Vehicle Information and Cost Savings Act (15 U.S.C. 1901 et seq.) is amended by inserting at the end the following new title:

"TITLE VII—DAMAGE DISCLOSURE REQUIREMENTS

"SEC. 701. DAMAGE DISCLOSURE STATEMENT.

"(a) IN GENERAL.—Not later than 90 days after the date of enactment of this section, the Secretary shall issue such regulations as may be necessary to require, prior to the transfer of title of a motor vehicle in any State, that the person transferring such vehicle disclose to the transferee, in writing, any damage to the motor vehicle, which occurred during the time such person owned the motor vehicle, if the cost to repair the motor vehicle to its predamaged condition exceeded, or will exceed, $1,000 at the time of the transfer of title. A copy of the damage disclosure statement shall be submitted by such person to the motor vehicle department of the State issuing the title.

"(b) SPECIFIC GUIDELINES.—In carrying out the provisions of subsection (a), the Secretary shall require, in addition to the damage disclosure statement required by subsection (a), that each certificate of title issued by a State on or after the date of enactment of this section include—

"(1) an area for a damage disclosure form, which shall be located on the back of each certificate of title;

"(2) a written statement, which shall be located on the front of each certificate of title, which shall disclose whether previous damage disclosure statements indicate that the motor vehicle has been damaged at one time such that the cost to repair the motor vehicle exceeded, or would have exceeded, $1,000;

"(3) a damage disclosure form, which will enable the person transferring the vehicle to disclose to the transferee any damage to the motor vehicle that must be disclosed under the provisions of subsection (a);

"(4) a diagram of a motor vehicle on which any damage to the motor vehicle that must be disclosed under the provisions of subsection (a) is to be indicated by circling the damaged area(s) on the diagram; and

"(5) a written statement indicating that damage disclosure is a requirement of Federal law.

"(c) UNIFORM CERTIFICATES OF TITLE.—Not later than 180 days after the date of enactment of this section, the Secretary shall prescribe by rule the form and content of all certificates of title.

"SEC. 702. FAILURE TO REPAIR.

"In carrying out the provisions of this title, the Secretary shall provide that the failure to repair a damaged motor vehicle to its predamaged condition, when the cost of such repairs would have exceeded $1,000, shall not exempt any person from the damage disclosure requirements of this title.

"SEC. 703. RECORD-KEEPING REQUIREMENT.

"In carrying out the provisions of this title, the Secretary shall require each State to establish and maintain records of all damage disclosure statements submitted to the State in accordance the provisions of section 701(a). The State shall include these statements in the title history of the motor vehicles indicated in such statements.

"SEC. 704. CERTAIN VEHICLES EXEMPTED.

"The regulations promulgated pursuant to section 701(a) shall not apply to any motor vehicle that—

"(1) is more than 9 model years old at the time of transfer of title; or

"(2) has a gross weight in excess of 16,000 pounds.

"SEC. 705. CRIMINAL PENALTIES.

"(a) IN GENERAL.—Any person who knowingly and willfully commits any act or causes to be done any act that violates any provision of this title or knowingly and willfully omits to do any act or causes to be omitted any act that is required by any such provision shall be guilty of a Class A misdemeanor, as defined in section 3559 of title 18, United States Code, and shall be punished in accordance with the provisions of that section.

"(b) REPEAT OFFENDERS.—In the case of as person's second or subsequent conviction under subsection (a), such person shall be guilty of a Class E felony, as defined in section 3559 of title 18, United States Code, and shall be punished in accordance with the provisions of that section.

"SEC. 706. CIVIL PENALTIES.

"(a) IN GENERAL.—Any person who violates any provision of this title shall be subject to a civil penalty of not more than $2,000 for each such violation. A violation of this title shall, for purposes of this section, constitute a separate violation with respect to each motor vehicle or device involved, except that the maximum civil penalty shall not exceed $100,000 for any related series of violations.

"(b) PROCEEDINGS.—Any civil penalty under this section shall be assessed by the Secretary and collected in a civil action brought by the Attorney General on behalf of the United States. Before referral of civil penalty claims to the Attorney General, civil penalties may be compromised by the Secretary after affording the person charged with a violation of any section of this title an opportunity to present views and evidence in support thereof to establish that the alleged violation did not occur.

"(c) AMOUNT OF PENALTY.—In determining the amount of the civil penalty referred to in subsection (a), the Secretary shall consider—

"(1) with respect to the person found to have committed the violation—

"(A) the person's degree of culpability;

"(B) any history of prior offenses;

"(C) the person's ability to pay the penalty; and

"(D) the potential effect of the penalty on the person's ability to continue to do business;

"(2) with respect to the violation committed—

"(A) the nature of the violation;

"(B) the circumstances of the violation;

"(C) the extent of the violation; and

"(D) the gravity of the violation; and

"(3) such other matters as justice may require.

"SEC. 707. DEFINITIONS.

"(a) CERTIFICATE OF TITLE.—For the purposes of this title, the term 'certificate of title' means a document issued by a State evidencing ownership of a motor vehicle.

"(b) COST.—For the purposes of this title, the term 'cost' means the costs of all parts, frame work, paint and labor.

"(c) DAMAGE.—For the purposes of the damage disclosure statement required by section 701(a), the term 'damage' means damage to the motor vehicle caused by theft, fire, vandalism, collision, weather, submersion in water, or flood. This term does not include normal wear and tear, glass damage, mechanical repairs or electrical repairs that have not been caused by theft, fire, vandalism, collision, weather, submersion in water, or flood.

"(d) MOTOR VEHICLE.—For the purposes of this title, the term 'motor vehicle' means an automobile or a motor truck. This term does not include motorcycles or mopeds.

"(e) PERSON.—For the purposes of this title, the term 'person' includes any manufacturer, distributor, dealer, corporation, or other legal entity or individual.".

GARRETSON, SD,
March 1, 1993.

DEAR SENATOR PRESSLER: We are so excited that the South Dakota Disclosure Awareness Law is being introduced on a national level. It is the answer to many struggling problems.

We had such a mess in South Dakota back in 85, 86, and 87. It took sometimes up to three months to get our titles back. It was hindering our business. It was only the auto recyclers that were having the trouble. Everybody else got their titles back in a couple of weeks.

Back then, we would apply for South Dakota titles and the State Department of Motor Vehicles office would analyze what type of title we should get—regular or salvage. Most of the people in the office had never been in an auto recycling yard in their life.

Art knew there had to be a better way. We kept hearing stories after stories of consumers getting "surprised" by finding out the new or used car they had just bought had been wrecked. Many many times a consumer would get a new car and were so excited, only to go to a quick lube for an oil change and the service man say, "Gee, you've already had an accident?" The consumers were

devastated because they would find out the hard way that the car they had bought had been damaged and fixed and they had not been told. Art and I were thinking—there has to be a way to alert these consumers.

We milk Holsteins besides our auto salvage and you can bet when Art milks—that is the thinking time. He came up with the damage disclosure at title transfer time idea. We typed up a crude sheet and thought and thought about it.

In 1987, the Department of Motor Vehicles, in conjunction with the new car dealers, was going to introduce a HORRID titling bill. It was a title branding law that zeroed in on only insurance company titles. They thought that was the answer. It was not because it would miss many many situations when a title is handled, but not by an insurance company. Honestly, it would have put people out of business.

We, the auto recyclers, went to Pierre in numbers. We don't have great numbers here in South Dakota, but we had cooperation. We got the proposed bill defeated. We got the Legislators ear. I think they were intrigued with this bunch of sincere "mavericks" as they called us. They told us to come up with a better idea. Art and I looked at each other—we had the answer *The Damage Disclosure.*

At first, our own recycling people looked at it crosseyed. It was a NEW DIFFERENT idea, but then when they sincerely looked at it, it was great! It would work! We recyclers went forward and started explaining and got an attorney to help write the proposed law. After we explained it to the Department of Motor Vehicles many times, they realized it was sound. They were different things to work out, but it would work. It would not miss all the situations we had heard about. It was an avenue for theft vehicles for the highway patrol too.

Art and I spent many many hours on the road to Pierre and back. We couldn't stay like most lobbyists. We had to come back and take care of our small business and for us, our Holsteins.

It was passed in 1987, *it is working!* It is such a fair consumer law. The consumer has the right to know. It also gives the dealer taking a trade the right to know.

We are proud to have come up with an idea that could solve a problem all around the country.

We support you.

Sincerely,

ART AND MARIE NORDSTROM,
Nordstrom's Auto Recycling.

SOUTH DAKOTA DEPARTMENT OF REVENUE,
February 25, 1993.

Senator LARRY PRESSLER,
Washington, DC:

With regard to your request for information on South Dakota's damage disclosure law, we offer the following.

South Dakota's damage disclosure law was implemented in 1988. Prior to its implementation, a salvage branding law was in effect which put our office in the position of determining whether or not a vehicle met the definition of salvage. One of the problems we experienced with our previous salvage law was the misconception of "total loss". An insurance company may total loss a vehicle for reasons other than damage to the vehicle. Because of this, it was very difficult to determine the actual damage to the vehicle and not having staff with expertise in automobile repair, we were at a real disadvantage. With our present damage disclosure law, total loss is not an issue.

Since the intent of all salvage laws is to protect the consumer, our present method of disclosing damage is a very effective means of informing the public of a vehicle's condition. In addition, it is extremely easy to administer in that it does not require that the state make any type of determination as to the condition of the vehicle but still provides the consumer with vital information.

If more states adopt this legislation, we may eliminate title washing while providing the consumer with relevant information about the vehicle.

Sincerely,

DEBRA A. HILLMER,
Director, Division of Motor Vehicles.

SOUTH DAKOTA MOTOR VEHICLE
RECYCLERS ASSOCIATION,
February 26, 1993.

DEAR SENATOR LARRY PRESSLER: Thank you for your interest in consumer awareness legislation related to the repair and resale of damaged vehicles. I hope a law can be passed on the national level that will avoid the pitfalls that the various states have wrestled with for the past decade.

Branding titles of insurance company totals has been tried in many forms, in many places, but has always fallen short of a consumer awareness objective. They fail mainly because a very large percentage of severely damaged vehicle titles escape branding. These vehicles unavoidably fall through the cracks, as they weave their way through a bureaucratic maze of regulations striving to identify those so severely damaged that they should qualify for some designation to alert a potential buyer. Many severely damaged vehicles are repaired by insurance companies, and of course there is no permanent record of this available to the consumer.

The designation "totaled" can hinge upon something so inconsequential as who had the vehicle repaired. If the owner has the unit repaired, and then sells or trades it, the title avoids branding, while the vehicle may have undergone major surgery.

Title branding also fails to encompass such things as uninsured or self insured vehicles. Since the cracks and loop holes like this are numerous, title branding not only fails in its objective, but may actually give false assurances to purchasers.

There is consumer awareness legislation that is direct and comprehensive. It keeps the transaction between the buyer and seller, requiring the seller to disclose collision damage, in writing, as part of a normal title transfer. The state then keeps these records as part of the title history, available to the public.

The South Dakota Department of Motor Vehicles has done a commendable job of implementing this legislation on a state level. I respectfully submit that this would be a logical approach for national legislation.

Sincerely,

BUZZ NELSON,
Board of Directors.

JOHN & HEN TIMMER,
Sioux Falls, SD, February 25, 1993.

DEAR LARRY: I have been informed by Art Nordstrom, that you are planning to introduce federal legislation along the line of the South Dakota Damage Disclosure Act. I was one of the prime sponsors of this Legislation some years ago. In my opinion this has protected the South Dakota Citizen from what certainly was a chaotic and dishonest method of selling previously damaged and rebuilt automobiles.

Although I do believe in State's Rights, this is a type of law that should be implemented nationally to help with the many problems that other states are having. Today citizens cross state lines freely, and must have the same protection provided in all of America.

Good Luck in the passage of this Bill!

Sincerely,

JOHN TIMMER.

MITCHELL, SD,
March 1, 1993.

SENATOR PRESSLER: For my benefit, along with many others, a group of South Dakotans worked together to form a law known as the South Dakota Damage Disclosure Law. This law provides every consumer with the opportunity to see just where the car they are considering buying has been and what work, if any, has been done to it.

Without this law, many consumers like myself could be talked into buying a car that was not properly fixed, causing a more serious accident to occur than if the automobile had been properly fixed by the previous consumer. If the South Dakota Damage Disclosure Law can help protect *me* from injury and added expense, I believe that every consumer should be able to benefit from the work of this group. I would like to thank these people for thinking of me, as I'm sure many others who benefit from this law will do.

Thank you, Senator Pressler for taking the time to hear what South Dakotans have to say.

Respectfully yours,

KATHY EVERSON.

A–1 AUTO SALVAGE,
Rapid City, SD.

SENATOR PRESSLER: It is our understanding you would like some letters stating that a National Damage Disclosure Statement like the State of South Dakota has would be in the national interest.

It has made our job dealing with vehicle titles simpler. As salvage vehicle dealers that sell parts we also sell rebuilders, we feel that a National Damage Disclosure statement would protect the public from the type of thing that "60 Minutes" showed on their Feb. 21st program. The people of South Dakota are already protected and we feel it would be in the best interest of the people of our nation to have uniform protection the Damage Disclosure would bring to all.

Respectfully,

EDWARD, BEVERLY, and TONY GRIFFITH.

DAKOTA CLAIMS SERVICE.

DEAR MR. PRESSLER: We are insurance adjusters, and handle total loss settlements on automobiles. I feel it is important to have uniform title and damage disclosure laws in all States to protect the consumer.

Sincerely,

HERMAN PETERSEN,
Manager.

WESTERN BANK,
February 26, 1993.

DEAR SENATOR PRESSLER: I want to encourage you in the proposal of the Federal Damage Disclosure Law.

In South Dakota, it is a good awareness law that helps those of us in the banking industry.

It helps us know what type of collateral we have securing our notes. We can look at the title of a vehicle and check the disclosure. Also if there is a question, we know we can receive the history from the Department of Motor Vehicles.

It seems to be a fair and honest law to let the buyer or seller know if there's been previous damage.

Sincerely,

EVAN INGEBRIGTSON,
Vice President.

LONG PRAIRIE, MN,
February 26, 1993.

SENATOR PRESSLER: I am the Sales Manager at one of the midwests largest, repairable dealerships, located in Minnesota. I am in favor of a full disclosure on ANY and ALL vehicles that have sustained body damage, whether or not if the insurance company has fixed or adjusted out that vehicle.

I believe that you, me, your mother, a used auto dealer and new auto dealers have the right to know if any particular vehicle has sustained any body damage. Let's face it, roughly 60–80 percent of all vehicle will be damaged, we can't just throw them away, the collision repair industry will fix them. A true "Awareness" bill will cover all cases, not to discriminate against one segment of the industry.

Repairing and recycling damaged vehicles is common place. Full disclosure of all vehicles will allow the private consumer, new and used auto dealers to make an informed decision about the purchase of that vehicle.

Sincerely,

PHILIP B. STUEVE.

VIRGINIA BEACH, VA,
February 25, 1993

DEAR SIR: This concerns car repair disclosures.

To increase the safety to consumers, it is recommended that all substantial damages and repairs done to all cars, regardless of circumstances, be disclosed.

If a car has been evaluated as "totaled" by insurance or other companies, it is considered that some of these cars can still be economically restored to a safe condition. But at the same time, cars involved in accidents but not "totaled" may undergo considerable repairs which would not necessarily restore the car to a safe condition.

For example, in 1983, my car, a 1980 Oldsmobile, was "rearended" by a truck but rather than being "totaled" as I had hoped, my insurance company had $4,500 of repairs made. While the repairs were expertly made, I could have had the car "cosmetically" repaired, pocketed the insurance money, immediately sold the car without revealing the extensive damage.

As another example, in 1979, I was a new and used car salesman in California. Despite their reputation, car salesmen are nevertheless excellent car evaluaters. It surprised me that seemingly respectable people would attempt to convince me that their trade-in car had never been in an accident. Yet the trained eye could spot evidence of extensive repairs due to an accident. If the trade-in was accepted (it usually was), it was expertly cleaned up (detailed) and resold but if it was not "pleasing to the eye", it was wholesaled to other dealers. The point is that a consumer might also detect the repairs but would not know the true extent of the damage or if the car had been safely repaired. And after all, the dealer's safety check was, "Do the lights, horn, brakes and muffler work and are there any cracks in the windshield?"

Disclosure of substantial damages of all cars will improve the safety of the consumer.

Sincerely,

MANUEL ROJO, Jr.

LONG PRAIRIE, MN,
February 26, 1993.

SENATOR PRESSLER: We are the owners/operators of three repairable lots, two in Minnesota and one in South Dakota.

We are in favor of full disclosure on all vehicles that have received body damage. We would like to see a uniform title for all states that would have a damage disclosure and the history of the vehicle, like SD's title.

We believe a uniform, full disclosure is the only fair way for all parties concerned.

With a uniform, full disclosure title, the used car buyer, whether individual or dealer taking a vehicle in trade, would be fully informed about the vehicle.

Sincerely,

JAMES R. AND SHARON K. HENRY.

FEBRUARY 27, 1993.

DEAR SENATOR PRESSLER: I would like to voice my support for your bill to adopt South Dakota's titling law as the nations standard.

I feel that all consumers have the right to know the history of the car they are buying. This purchase is the largest some will ever make and 2nd for most of the rest of us.

I do however have one suggestion related to this. That is rather than Salvage always appearing on a title I feel that when the vehicle repairs have been made and an inspection of the vehicle has been done by a certified shop then and only then I feel the title should be Branded Rebuilt. This way a consumer knows that the car has been properly repaired. I think we could go one step further in that we not allow a license to be issued to the car unless it is inspected and a Rebuilt is on the title.

I am involved with Graham's Salvage in Sioux Falls, SD and myself I own 2 rebuilt cars. One I drive and one my wife drives. I have had another that my daughter drove for several years until she got a new car. I feel that they are perfectly safe or I would never have trusted my family in them.

One other thing I would like to point out and that is States should be consistent as to what a salvage car is. By this I mean if you go to the Insurance auctions as I do you see cars listed as salvage that have no or little body damage. These maybe theft recovery's etc. To say this is a salvage car is sad as some people would never buy it just because it said that on the title. And as we all know we have limited resources in the world and should recycle as much as we can.

On the other hand at the auction I see cars that have no chance of being safely rebuilt sell for so much that the only reason is to buy the title and the VIN number. To eliminate this, these types of cars should be issued Junking Only certificates not titles.

Thank you for listening and please feel free to contact me if I can be of any help to you.

Sincerely,

MICHAEL A. COOPER.

[From the New York Times, May 6, 1989]

REBUILT CARS: STATES SEEK MORE DATA FOR BUYERS

(By Michael deCourcy Hinds)

Legislation that requires automobile dealers to tell customers when a "used" car is actually a body shop's assemblage of salvaged parts has been approved by about two dozen states and is being considered by others. The states are acting to cope with a boom in the unregulated market for rebuilt cars.

"Rebuilt cars are not necessarily bad, but it's the consumer's basic right to know what he's buying," said James Jacobson, a special assistant attorney general in Minnesota, which is expected to pass legislation soon.

The Minnesota law, which body shops do not oppose, would require an auto dealer to tell a buyer that a car had been rebuilt. The title document would carry the word "rebuilt" to protect those who might purchase the car directly from the owner later.

"It's a first step," said Mr. Jacobson. A legislative committee is to hold hearings on whether auto rebuilders should be licensed, whether rebuilt cars ought to be inspected for safety before they are sold and whether consumers should be informed of all major structural repairs," he said.

Rebuilders, which are specialized body shops, say that in states where consumers are informed about rebuilt cars, prices fall by 10 to 30 percent. As a result, as states pass disclosure laws, rebuilders move to those that do not require disclosure.

"We didn't have a problem three years ago," said Scott J. Lambert, a spokesman for the Minnesota Automobile Dealers Association. "Then Illinois, Iowa and South Dakota passed title-branding laws and our dealers began seeing flatbed truck after flatbed truck bringing in wrecks to be rebuilt."

EXPENSIVE PARTS

Sales of rebuilt cars appear to be increasing rapidly, state officials say, but there are no national or state sales figures and no national trade organization to speak for the auto rebuilding industry. One reason for the growth, operators of salvage yards say, is that used car parts have become so costly that insurance companies find it less expensive to settle accident claims by proclaiming that a car is a total loss, when actually it could be repaired.

For example, an insurance company would lose $4,000 if it paid a $4,000 claim on a vehicle valued at $10,000, but it would lose only $2,000 if it declared the car "totaled," paid the owner $10,000 and sold the car to a salvage dealer for $8,000. Rebuilders then buy the wrecks, combine them and recondition them.

Federal safety agencies do not have standards for cars built from salvaged parts. And Illinois is the only state with a mandatory safety-inspection program for rebuilt cars. "They're doing very well in the tests so far," said Ron Bauman, a spokesman for the Illinois Department of Transportation. About 60 parts of rebuilt cars are required to be inspected, he said. But welded scams, critical components of rebuilt cars, are not on the inspection list. Mr. Bauman could not explain why.

Other states are considering tighter regulations for rebuilders, but the main legislative thrust has been for disclosure on title documents. New Jersey has a disclosure law, but New York and Connecticut do not.

South Dakota passed the most comprehensive disclosure law in the country last year. It requires all car owners to report any damage in excess of $1,000 to the Department of Motor Vehicles. Prospective buyers can ask to see this report.

Disclosures may discourage some consumers, but not others. Last fall, Rodney S. Smith of Bloomington, Minn., paid a used car dealer $10,100 for a 1987 Ford Thunderbird, only to discover that it had been rebuilt and needed $3,000 in further repairs.

After the state attorney general interceded, the rebuilder, Competition Products in Anoka, Minn., refunded Mr. Smith's money: he then bought another Thunderbird. The rebuilder maintained that the car needed only $100 in repairs and was safe. Last

month, it sold the car to Kirk Grupa of Elk River, Minn., for $9,600. Mr. Grupa said he knew the car's history, but was not deterred. "If I can't see any problem, then I'm not too concerned," he said.

CLEAN INDUSTRY

Insurance companies favor disclosure laws. "We want to know what we're being asked to insure," said James A. Stahly, a spokesman for State Farm Insurance. The company does not charge a higher rate for rebuilt cars, he said, but it inspects them before issuing insurance.

Only a minority of shops do poor work, say rebuilders. "It's a clean industry," said Scott C. Anderson, executive director of the Minnesota Automobile Rebuilders Association, which was founded this year and has 343 members.

Rebuilders say disclosure laws should not be enacted on a state-by-state basis, but by the Federal Government.

"Then there would be no incentive to move cars all around the country," Mr. Anderson said. "If the market price for rebuilt cars went down everywhere, rebuilders would not be hurt; they would just pay less for salvage parts."

[From Automotive Recycling, January–February 1993]

LAST WORD

Auto theft is a lucrative "professional" business. Without stricter laws and tougher law enforcement, innocent citizens will continue to be harassed by violent auto thieves. Consumers and legitimate auto industry workers are sick and tired of paying the high price of criminal activity.

Last April, I sponsored the U.S. Senate version of H.R. 4542, the Anti-Car Theft Act. After discussions with national and South Dakota auto interest groups, I found that provisions in the original bill regarding parts marking would be economically burdensome to small auto salvage parts dealers. I concluded that the bill did not accomplish its aims and feared the parts-marking provisions actually would harm the legitimate business interests of auto dismantlers and parts salvagers.

Later, representatives Schumer and Dingell came to a compromise on the marking and labeling provisions in H.R. 4542. The new version of H.R. 4542 is a far better piece of legislation than was the original bill. However, I still had reservations when the bill came to the Senate. I discussed my concerns with the various auto industry interest groups who had opposed the bill earlier. They all assured me that this compromise was the best possible and each endorsed the bill.

I worked closely with automotive industry groups to ensure that the auto theft legislation did not impose unwarranted burdens on their businesses. Fortunately, certain protections in the recently-passed compromise measure were designed to protect legitimate auto operations.

First, the car theft bill creates an advisory committee to recommend procedures for auto parts "verification." This advisory committee is charged with determining and developing procedures for verifying parts as not reported stolen that will not harm auto dealers, parts manufacturers, parts recyclers and other auto industry segments. The inclusion of this advisory committee is an integral aspect of the bill. Persons representing various auto interest groups, along with the Secretary of Transportation and the Attorney General of the United States, will participate as members of the advisory committee.

Additionally, the bill clearly distinguishes criminal "chop shop" operations from the operations of legitimate automotive recycling businesses. The legitimate automotive recycling industry is protected. The bill properly defines and targets the criminals who operate illegal chop shops—not the small, primarily family-owned businesses which comprise the legitimate industry.

"Title washing" costs consumers $3 billion a year. In addition, consumers who unknowingly purchase rebuilt junk or savage vehicles face heightened risks of death or serious injury in accidents. "Salvage fraud" could be prevented if it were not so easy for criminals to "wash" brands off titles indicating that the vehicle had been declared junk or salvage. Loopholes in interstate titling procedures facilitate salvage fraud and car theft.

Legislation requiring auto dealers to tell customers when a "used" car is actually a body shop's assemblage of salvage parts has been approved by about two dozen states and is being considered by other states. My home state of South Dakota passed the most comprehensive disclosure law in the country last year. It requires all car owners to report any damage in excess of $2,000 to the Department of Motor Vehicles. Prospective buyers can ask to see this report.

Legislation to combat title washing needs to be nationally uniform if it is to get to the heart of the "chop shop" problem. Legitimate small businesses must no longer be penalized for the criminal activity of auto theft operations. During this session of Congress, we should not miss the opportunity to stop modern day highwaymen in their tracks.

Senator LARRY PRESSLER,
Member of the Senate Commerce, Science, and Transportation Committee.

[From Automotive Recycling, January–February 1993]

GOING AFTER AUTO RECYCLING 150 PERCENT

(By Peter Rolph)

While they operated a 400 acre dairy farm, Art had a habit of buying wrecked vehicles "out of necessity," as he says. He soon discovered he could fix them up and sell them at a profit. Before long people wanted to buy Art Nordstrom's rebuilders before he had even finished them.

Soon Art was buying so many vehicles he began farming out some of the work and still couldn't keep up with the demand. As Art built a reputation for quality rebuilt automobiles, he began advertising in trade publications which got the Nordstrom name known to people well beyond their hometown of Garretson and the nearby Sioux Falls metro area, and calls were coming from as far away as Minneapolis.

Not only did the Nordstroms sell rebuilt autos, but they also sold recycled parts. Eventually more and more callers began looking for recycled parts. As the focus of the business shifted, Art and Marie Nordstrom developed a reputation among private salvage contractors for paying a fair price for vehicles, and they've had a well-stocked inventory ever since. Private contractors have always approached them, and they have no problem obtaining about 130 vehicles on average each month. Not all are dismantled, as some still leave the facility as rebuilders.

Nordstrom's takes a cards-on-the-table approach to dealing with contractors. They essentially say, "Hey, we both have to make money on the vehicle, so let's agree on a fair price that lets us do that right now."

GOLDEN RULES

Nordstrom's has always run on a couple of golden rules: treat customers with absolute respect and fairness and never stop looking for ways to improve the operation. This approach established two essential ingredients for transforming any business: a loyal customer base and a willingness to change. A third ingredient—seemingly boundless energy—seems to have been in place all along.

"We go after everything 150 percent," said Art in describing how Nordstrom's has gained its position in the local recycled parts market over the years. "We've based everything on the philosophy of treating customers as we would want to be treated."

"We enjoy helping people most of all," says Marie. "I know it sounds corny, but it's not to us."

Service is a big part of the business. Parts are priced with a certain amount of profit built in so that they can afford to spend extra time and energy taking care of customers. They seek out body shops and repair shops to do any work their customers may require. Heavy parts are guaranteed for 99 days and all others for 30 days. The repair/installation shop the Nordstroms just opened in Garretson "opened another outlet for us and also helps our customers because many shops don't sell recycled parts," says Art.

The facility underwent a major transition when Art and Marie's son, Shannon, returned five years ago from studying electronic communications in college. Shannon had decided he wanted to help his parents transform the business, and went to work at the parts counter and looked to fully computerize the facility.

Shannon had proved his expertise on the sales counter by winning an annual "counterman's contest" three years in a row, so he knew his inventory and knew what he was looking for in terms of an inventory system. Art, Marie, and Shannon all agreed that although their "in your head" inventory system worked well enough, it wasn't going to take them to the next level of auto recycling. When Shannon finally selected a computer system he was certain would fit their needs, he pointed out to one salesman who asked why his particular system wasn't purchased, "You had a Cadillac (computer system) and all we needed was a Cavalier." Shannon notes with some satisfaction that the very next year that company came out with a "Cavalier" inventory software package.

Of course, simply having a computer didn't propel Nordstrom's to new heights of success. As it is, not all of the vehicles and parts are part of the computer inventory. The system simply paved the way for Nordstrom's to expand their scope and analyze how they were doing business. Not that business was suffering before Shannon came back on board, but Art still credits his return with helping transform the operation.

GETTING THE WORD OUT

In addition to the computerized inventory, Art, Marie and Shannon stress the importance of their advertising, which leaves virtually no stone unturned, as another key to their success. They started out by advertising rebuilt automobiles in a trade publication published by a local association and have never stopped exploring new advertising methods and approaches. From billboards to racetracks, to sponsoring a "smash for cash" event during the seventh inning stretch at the local minor league baseball park, Nordstrom's works at getting the word out. They work on their own radio spots for AM and FM radio, have billboards, and are

heavily involved in their community of Garretson and nearby Sioux Falls.

Nordstrom's also does the "little things" like giving customers free satin team jackets after they purchase a certain amount. They've even sent a European customer back to the Ukraine with a Nordstrom's jacket.

Their aggressive advertising approach led to a live call-in radio show. Shannon hosts the show, a consumer-oriented, automotive call-in show that has helped capture a younger market. Art has contemplated television advertising for Nordstrom's, but they all want to make sure they can handle the demand. They are experiencing what Marie calls "one of those happy problems" where they are jumping just to satisfy the customers they have.

Art emphasizes managing the growth of his business. "If we can't handle the business, we can lose it just as fast as we get it," he says.

Growth in sales has reached the point where Shannon says, "Right now we're tearing down by demand. We have the opportunity to get bigger, but we want to make sure we can handle it."

Despite the current pace of recycling as many as 20 vehicles per week, the 16-person staff still has trouble keeping enough "fresh" parts on the shelves, so some of the parts actually bypass the inventory system. "If it's in the yard and we've got a title and we've got a customer, that car is fair game," says Marie.

The approach at Nordstrom's is to try and keep as much as they can on the vehicles rather than dismantling and inventorying unnecessary parts. Labor is not wasted, and by watching the core markets and scrap markets they can still turn unused or uninventoried parts into a profit.

FROM FARM TO RECYCLING FACILITY

When Nordstrom's became a full-fledged auto recycling facility, they immediately took steps to create a unique, state-of-the-art operation. While Shannon was directly responsible for the computer inventory upgrade, his mother, Marie half-jokingly credits him with sparking a general upgrade of the facility itself. The facilities improvement process began when she saw Shannon, who was only a child at the time, trying to use an electric drill while standing in a puddle of water in one of the buildings.

The Nordstroms have always been dairy farmers, and many of the buildings they use in their operation are converted farm buildings which have been through various changes. One building, an 8,000 bushel grain bin, is now used as a circular door rack capable of holding up to 300 doors.

Many ideas for facilities improvement have come about through their involvement with ADRA. The Nordstroms agree that the Association helps keep their enthusiasm high, and they appreciate the sense of professionalism that ADRA has brought about for the industry. Because they operate in a state with a relatively small population of auto recyclers, conventions offer the Nordstroms an opportunity to exchange ideas and get a sense of what's happening in the industry.

INDUSTRY AMBASSADORS

Art, Marie and Shannon are all ambassadors for the auto recycling industry. They cooperate with their competition and work by the ironclad rule of never speaking negatively about another auto recycler. "If somebody comes in bad-mouthing another yard," says Art, "we absolutely don't agree with them, because you can bet they'll bad-mouth your business some other time."

The family are also tireless industry advocates, involved with local associations and the political aspect of auto recycling, particularly with the issue of damage disclosure. In fact, South Dakota Senator Larry Pressler even called in to discuss the issue on Shannon's radio program.

When the issue of damage disclosure became a legislative matter in South Dakota, Art and Marie helped create a loose-knit organization of auto recyclers and body shops to help bring about legislation that was fair and effective, a law that would keep the dollar amount for damage disclosure low, eliminate loop-holes to prevent trade in stolen parts, and protect legitimate businesses, according to Art. Art and Marie became liaisons between lawmakers and businesses and were the driving force behind its passage. The bill passed overwhelmingly, and they are now focusing on getting a similar law enacted at the national level.

Art and Marie are so involved in the political process in South Dakota that they literally went to the state capitol and watched lawmakers open their mail to get a better understanding of how the industry works. They've become highly effective grass roots lobbyists while increasing the clout of the auto recycling industry within the legislature. Although it wasn't really an issue at the time, Art admits the whole process helped get the Nordstrom name out to the public.

A "SPIC-AND-SPAN" APPROACH

To enhance their image even further, the Nordstroms stress cleanliness. Many of their retail customers bring their children, and because they want customers to feel like part of an extended family, they keep their facility neat and welcoming. They've even set aside a room for children equipped with toys and a television. When one woman came in wearing a business suit and remarked that there was nowhere for her to sit, the Nordstroms upgraded the waiting area.

Their retail customers are a varied lot, ranging from wives out picking up parts for husbands to farmers wanting to extend the life of a farm vehicle, to younger do-it-yourselfers.

Nordstrom's also attracts an ethnically diverse set of retail customers. "On some Saturday mornings," says Shannon, "it's like a miniature league of nations, and a lot of communicating gets done by sign language and passing notes back and forth."

Some customers will even come out on Saturday just to sit and watch everything that's going on, and the Nordstroms enjoy the fact that people feel that comfortable.

People, they all agree, are their favorite aspect of the business, and helping customers is what makes their facility more than just a paycheck for the Nordstrom family. Parts are priced flexibility because Nordstrom's is after what Art calls the "low economy market." Special exceptions are made for people who may not be able to afford a part but need to drive their car in order to get to work and earn a living. Parts have been sold on credit to people who are down on their luck.

The fact that the Nordstroms have a 400 acre dairy farm across the street speaks volumes about their long-standing emphasis on environmental quality. Everything in the yard is "drained and contained," and they are now participating in the ADRA Group Stormwater Permit program. When all the fallout from U.S. Environmental Protection Agency regulations began to affect the industry several years ago, Art says Nordstroms was "already ahead of the game because we've always been so very fussy about that."

So much about Nordstroms symbolizes an overall uniqueness and a sense of purpose. In virtually every aspect of the business, Art, Marie and Shannon have done something to distinguish themselves and make a positive statement on behalf of the entire industry. At Nordstrom's, it seems that nothing gets done unless it is done 150 percent right.

CLEAN DRINKING WATER

Mr. PRESSLER. Mr. President, I am working very hard on an appropriation for a water pipeline in my State. Legislation I sponsored authorizing the mid-Dakota rural water system was passed by Congress and signed into law last year. I shall be visiting with members of the Appropriations Committee and other appropriate committees regarding this.

In this day and age of fiscal cutbacks, only projects of the greatest public health can be brought forward. In this case, we have a situation in South Dakota and several other States where the ground water has become polluted, either from the use of chemicals or fertilizers or from natural occurring nitrates. This is a public health problem.

Nothing is more important to the health of the ranchers and farmers and people living in towns and cities, as well as visitors and tourists, than good, clean drinking water for human beings, as well as for livestock. Funding this project will achieve that.

Throughout the upper Midwest, it has become a public health issue. It is amazing, when the air is so clean, but it occurs. There are natural pollutants in the ground well water and there are also pollutants that come from the use of certain pesticides and chemicals.

The Missouri River has a great deal of potable water. I am working with my colleagues in our congressional delegation and from other States on other similar projects.

I am proud of the citizens of South Dakota who have come here to speak for it. I ask unanimous consent that a description of the project, my opening remarks on the bill, and a letter I sent to President Bush on the project be printed in the RECORD at this point.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

MID-DAKOTA RURAL WATER SYSTEM

The Mid-Dakota Rural Water System is a proposed rural domestic water system which will provide a dependable supply of high quality drinking water for rural, domestic, and municipal users throughout a twelve county area of central South Dakota. The project area would provide high quality Missouri River water to over 30,000 people in 24 communities and through 3,000 rural hookups in an area covering more than 7,000 square miles. In addition, over 640,000 head of livestock will be provided access to water.

The System would deliver water through a series of underground pipelines throughout

the project area from the Missouri River near the Oahe Dam. Over 2,700 miles of pipeline are currently designed for the System which would have the capacity to pump 7,530,000 gallons of water per day.

The 1992 State Legislature authorized construction of the Mid-Dakota project at a total project cost of $108.4 million with the state committing to provide $8.4 million in grants for construction. Federal authorization of the Mid-Dakota RWS is contained in H.R. 429, the Omnibus Reclamation Act of 1992. The final passage is pending, awaiting the action of a Congressional conference committee. H.R. 429 authorizes a $100 million federal project and provides an 85% federal grant and a 15% federal loan for planning and construction costs. The State grant of $8.4 million will cover the balance of the total project costs.

The federal authorizing language, in addition to the drinking water aspects, provides for a Wetland Trust to be administered by the South Dakota Game, Fish and Parks Foundation. This unique wetland enhancement component has great potential to improve existing wetlands and create new wetlands. The preservation and enhancement of wetlands is in the national interest of which the federal government will contribute 100 percent of the costs of the Wetland Trust. The federal government will contribute $2.7 million for the initial development of the wetland component and $7 million for the federal contribution to the Wetland Trust.

[From the CONGRESSIONAL RECORD, 1992]

MID-DAKOTA RURAL WATER SYSTEM ACT

Mr. PRESSLER. Mr. President, today I am introducing legislation with my colleague Senator DASCHLE to authorize the Mid-Dakota Rural Water System. This water pipeline system would bring clean drinking water to the citizens of South Dakota.

For many years we have attempted to use Missouri River water in a positive way for the citizens of our State. We are presenting this legislation with the support of Governor Mickelson's office, the electrical power community, and other local groups. Mid-Dakota would provide clean drinking water for a large area of eastern South Dakota. It is another step in our long struggle to get fair treatment for South Dakota.

The proposed Mid-Dakota Rural Water System would provide clean, safe drinking water to 29,000 people and 650,000 head of livestock in a 7,000 square mile, 12-county area in South Dakota. The proposed pipeline project is the only feasible means of providing the area with good quality water. Twenty-three towns within the Mid-Dakota area presently fail at least one EPA drinking water standard. If Congress is at all concerned about protecting human health and environmental protection, then we cannot overlook the tremendous good that would be provided by this proposed project. We have a responsibility to protect the health of the people we represent.

I remind my colleagues once again of the sacrifice South Dakota made for the construction of the four Missouri River mainstem dams in our State. In the 1940's, South Dakota agreed to sacrifice over 500,000 acres of farmland for the construction of these dams. The dams have provided hydroelectric power, flood control, and navigation for downstream States. In return for the sacrifices South Dakota made for the construction of the dams, the Federal Government made a commitment to South Dakota. That commitment was to support water development in the State. Since first coming to Congress, I have continually fought for the development of South Dakota water projects. We have had some success in the area of water development during that time with the construction of the WEB project and the rehabilitation of the Bell Fourche irrigation project, but the Federal commitment to South Dakota is far from being fulfilled. The authorization of the Mid-Dakota Rural Water System is an effort to obtain at least a partial fulfillment of the Federal commitment to South Dakota.

Mr. President, the future of South Dakota depends on responsible water development of Missouri River water resources. My goal is to see South Dakotans from border to border enjoy clean, safe drinking water. This proposed project has been planned carefully and great attention paid to the protection of the environment, as well as to the needs of the citizens in the project area.

Many people have put years of hard work into this much-needed water project. I especially commend Julie Apgar, the project manager, for her tireless efforts and selfless dedication to this project. She and countless other Mid-Dakota Rural Water System supporters deserve to enjoy the fruits of their labors. I urge my colleagues to support this important pipeline project.

U.S. SENATE,
Washington, DC, October 21, 1992.

The PRESIDENT,
The White House,
Washington, DC.

DEAR MR. PRESIDENT: I am writing to urge you to sign into law H.R. 429, the Reclamation Projects Authorization and Adjustment Act of 1992. The bill contains several provisions that are vital to thousands of South Dakotans.

Two major South Dakota water projects are authorized by H.R. 429. The Mid-Dakota Rural Water System, when completed, will provide safe and clean drinking water to over 29,000 living in twelve counties in central South Dakota. Mr. President, this is most significant since many of these people currently obtain water from wells that fail at least one of the Environmental Protection Agency drinking water standards. The other project, the Lake Andes/Wagner/Marty II Irrigation Unit will help stabilize crop and forage production in south central South Dakota and help offset the effects of droughts which hurt South Dakota's farmers and ranchers.

H.R. 429 also calls for a feasibility study of the Rosebud Sioux Reservation becoming part of the Mni Wiconi Project Act of 1988. Other provisions include additional compensation to the Standing Rock Sioux Tribe for lost tribal lands, an interim water project on the Pine Ridge Indian Reservation and other important provisions regarding wildlife and biological diversity.

Mr. President, please sign H.R. 429 into law.

Sincerely,

LARRY PRESSLER,
U.S. Senator.

IRRESPONSIBLE CONGRESS? HERE IS TODAY'S BOXSCORE

Mr. HELMS. Mr. President, the Federal debt—run up by the U.S. Congress—stood at $4,205,665,223,473.57 as of the close of business on Tuesday, March 2.

Anybody remotely familiar with the U.S. Constitution is bound to know that no President can spend a dime of the taxpayers' money that has not first been authorized and appropriated by the Congress of the United States. Therefore, no Member of Congress, House or Senate, can pass the buck as to the responsibility for this long-term and shameful display of irresponsibility. The dead cat lies on the doorstep of the Congress of the United States.

During the past fiscal year, it cost the American taxpayers $286,022,000,000 merely to pay the interest on reckless Federal spending, approved by Congress—spending of the taxpayers' money over and above what the Federal Government has collected in taxes and other income. This has been what is called deficit spending—but it's really a form of thievery. Averaged out, this astounding interest paid on the Federal debt amounts to $5.5 billion every week, or $785 million every day—just to pay, I reiterate for the purpose of emphasis, the interest on the existing Federal debt.

Looking at it on a per capita basis, every man, woman, and child in America owes $16,373.44—thanks to the big—spenders in Congress for the past half century. The interest payments on this massive debt, average out to be $1,127.85 per year for each man, woman, and child in America. Or, looking at it still another way, for each family of four, the tab—to pay the interest alone, mind you—comes to $4,511.40 per year.

Does this prompt you to wonder what America's economic stability would be like today if, for the past five or six decades, there had been a Congress with the courage and the integrity to maintain a balanced Federal budget? The arithmetic speaks for itself.

Mr. SIMON addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Illinois.

Mr. SIMON. I ask unanimous consent to speak for 5 minutes as if in morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

KRAKOW SYMPHONY ORCHESTRA

Mr. SIMON. Mr. President, the night before last, my wife and I went to the Kennedy Center after we had read that the Krakow Symphony Orchestra from Poland was going to be playing. I have had the privilege of visiting in Krakow. It is a great, old, grand city, a cultural center, a marvelous place, but a place that has had difficulties because of air pollution problems in Poland and from nearby Czechoslovakia, from steel mills. The average lifespan in the Krakow area is about 6 years less than the rest of Poland. Talk about the importance of air pollution. You can see it dramatically.

But in part for sentimental reasons, I went there expecting to hear a reason-

ably good orchestra. What I heard instead was a great orchestra. It was a magnificent concert. It is something of which the people of Poland ought to be proud, and the people in the Krakow area particularly ought to be very proud. The Polish National Alliance and the Polish-American Congress sponsored the tour here. I wish to express my personal appreciation to them because they have enriched my life in the process of what they have done.

Poland is moving ahead economically. I had the privilege of being the chief sponsor of the legislation to provide aid to Poland immediately after the change in that country, a change to democracy. I am pleased to see Poland moving ahead. There are some bumps along the road, no question about it. It is a difficult road. But to President Lech Walesa and the people of Poland, we wish them the best not only economically, not only politically, but we thank them for this cultural contribution. In a real sense, that orchestra was a symbol of the new Poland because of the quality of the presentation that we heard there the other night.

One other little thing that I thought was great. Poland is a country where, unfortunately, when the Nazis moved in you had the decimation of the Jewish population. And, like any other country, Poland was not immune from the problems of anti-Semitism. But I was pleased, if I may say this as a Lutheran, to be there to hear this orchestra. And I assume, like most Poles, they were overwhelmingly Roman Catholic. To have this young Jewish conductor from New York City as the conductor of the Krakow Symphony Orchestra was another example of reaching out to people.

That is what we have to do here in the United States, in the State of Washington, in the State of Illinois, in the State of Kentucky—everywhere in this country. We have to reach out to one another across racial boundaries, ethnic boundaries, and religious boundaries so we do not have the Bosnian kind of development.

Mr. President, I simply wanted to rise to express my appreciation again to the people of Krakow for this magnificent orchestra, the magnificent contribution they made to the culture of the United States through this tour that they have just completed, and my thanks to the Polish National Alliance and the Polish-American Congress for their sponsoring of this event.

THIRTY-SECOND ANNIVERSARY OF THE PEACE CORPS

Mr. DODD. Mr. President, I rise today to call to my colleagues' attention the fact that this week the Peace Corps celebrated its 32d anniversary. I know that all of my colleagues join with me in recognizing this milestone and in wishing the Peace Corps a productive 33d year.

As many of my colleagues know, the Peace Corps has a special meaning to me as I was privileged to serve as a volunteer in the Dominican Republic during 1966–68. It is no exaggeration to say that my period of service was a seminal moment in my life.

In the past 32 years, over 130,000 Americans have chosen to serve their country by helping to improve the lives of the least fortunate in our global village. Peace Corps volunteers embody the highest concept of service. They live in the communities they serve, often under very difficult conditions, and receive only a subsistence allowance.

It is for that reason that President Clinton's call to national service has special resonance for members of the Peace Corps family. As the President develops his service plan, he would do well to look at the Peace Corps model. It is an international service program that works.

For several years now, I have had the pleasure of chairing the subcommittee with jurisdiction over the Peace Corps. In that role, I am very familiar with the wide array of programs that the Peace Corps has developed to meet its mission of promoting peace and friendship to countries around the globe.

Most of my colleagues are aware of the work Peace Corps volunteers have done in the education field as teachers and teacher trainers. With so large a percentage of the developing world under the age of 20, Peace Corps continues to devote considerable resources to this important work. But Peace Corps has also expanded well beyond the formal education sector.

Health care remains an overwhelming challenge for many countries, and the AIDS epidemic has only deepened the crisis. You will find Peace Corps volunteers working on projects in basic health and nutrition counseling, on oral rehydration programs designed to reduce infant mortality, and on developing an AIDS curriculum for use in schools.

Of special interest to many of us is the exciting work volunteers are doing in the environment field. The Peace Corps is one of the largest environmental work forces of any international development organization today. Volunteers are involved in a wide variety of activities including tree nursery development and management, watershed management and agro-forestry promotion projects. They also do work on projects which support the development of national parks and help slow the loss of biodiversity. Volunteers also make significant contributions to wildlife studies and wildlife management.

For most of the developing world, the agriculture sector remains the key to a healthy economy. You will find volunteers developing local sources of improved seed, improving pasture and range management, and helping farmers explore more efficient means of producing and marketing their crops.

There are great projects, but I can tell you the work is not easy. A volunteer needs patience, determination and commitment to build community support to see a project through. But the rewards usually outweigh the difficulties. That's why Peace Corps' slogan is "The Toughest Job You'll Ever Love."

I think it is interesting, Mr. President, that for all the attacks on our foreign aid programs, the one program that has consistently enjoyed strong bipartisan support in Congress and among the American people is the Peace Corps. I think there are a couple of reasons for this. One is the growing recognition that our domestic growth and prosperity is linked to the growth and development of the international economy. Another is the respect people have for volunteers who are willing to forego a decent salary and the luxuries of American life to help the neediest among us improve their lot in life. Peace Corps volunteers represent our most cost-effective development workers. And more than that, they represent the very best in American generosity and good will.

And so, the Peace Corps celebrates its 32d anniversary, I salute volunteers past and present for the contributions they have made in over 100 countries. A great deal of work remains to be done. I wish the Peace Corps continued growth and success as it carries out its mission to make this a more peaceful world for all of us.

PROMISING DEVELOPMENTS IN SOUTH AFRICA

Mr. KENNEDY. Mr. President, the long years of struggle, sacrifice, and patient negotiation by Nelson Mandela and other thoughtful leaders in South Africa are at last bearing fruit. It is expected that sometime within the next year, the country will conduct its first ever one-person, one-vote elections.

This is a time of cautious optimism about South Africa's future. After decades of suffering under apartheid—of economic hardship, exile, imprisonment, and persecution—the long nightmare of black South Africans appears at last to be coming to an end, and the process of healing and reconciliation between the people of South Africa can begin.

But this is not a time to rest on the promising achievements thus far. We and our international partners must continue to support peaceful change and assist in the transition to a democratic government in which all South Africans have an equal voice.

The continuing negotiations over South Africa's future are certain to face difficult challenges from those

who fear change, and who will attempt to derail political programs by creating suspicion and unrest between the peoples of South Africa.

Now more than ever, we must work with the future leaders of the new South Africa and lend our wholehearted support for the process of negotiation and elections over the year ahead. The National Democratic Institute and others are organizing to provide technical and financial assistance for the anticipated elections.

We must make certain that these and other efforts receive full funding and wholehearted support. The stakes are too high to allow this historic opportunity to pass without giving Nelson Mandela and other thoughtful leaders the means to bring peace, freedom and democracy to the people of South Africa.

Mr. President, I ask that a thoughtful analysis of recent developments in South Africa by Allister Sparks may be printed in the RECORD.

There being no objection, the analysis was ordered to be printed in the RECORD, as follows:

[From the Washington Post, Feb. 28, 1993]

DEALING FOR DEMOCRACY IN SOUTH AFRICA

(By Allister Sparks)

JOHANNESBURG.—South Africa's seemingly unruly transition from apartheid is moving toward a far more orderly outcome than the bitter discord and waves of political violence would suggest.

Behind the surface squabbling, deals are being struck that within a year are likely to see South Africa being ruled by a five-party coalition government with Nelson Mandela as president.

That "government of national unity," as it is being called, will run the country for five years to give the deeply divided racial and political factions time for reconciliation. After that, there will be normal majority rule.

In terms of the agreements now being reached in a complex series of bilateral negotiations between the major political players—agreements that still must be ratified at an all-party convention—the coalition cabinet will contain representatives of all parties that get more than a minimum threshold of votes in the country's first one-person, one-vote election.

The number of ministers each party gets will be in proportion to the number of votes it polls, and the majority party will name the president.

The president will be required to consult all the parties in the coalition before exercising his executive powers, but on some key issues the multiparty cabinet will be able to take decisions with a two-thirds majority.

Where the threshold is set is obviously crucial to who gets in. President Frederick W. de Klerk's ruling National Party initially proposed a threshold of 15 percent, but has since reduced that to 10 percent. Mandela's African National Congress wants 5 percent, and this now seems likely to be accepted.

The difference offers some insight into the approaches of the two major players. The latest opinion polls indicate that at 10 percent or 15 percent, only the ANC and the National Party would qualify for cabinet membership.

At 5 percent, five parties would be the ANC, the National Party, the black extremist Pan-Africanist Congress, the white extremist Conservative Party and Chief Mangosuthu Buthelezi's Inkatha Freedom Party, in that order.

Given that the ANC is certain to emerge from the election as the strongest party, why should it want a broader-based coalition and the National Party a narrower one?

First, because the National Party would be stronger in a two-party coalition than a five-party one. The ANC is aware that while it may be able to win the election fairly comfortably, the National Party will still wield great influence over the predominantly white bureaucracy and the security forces, which served it during the years of apartheid. If it were the only other partner in a coalition cabinet, the National Party could use those powers more effectively, perhaps to paralyze ANC efforts to redress the racial inequalities developed under apartheid. A diluted cabinet would dilute that ability.

The ANC is also sensitive to accusations by its radical wing, now spearheaded by Mandela's estranged wife, Winnie, that its leaders are overly eager to bed down with the old apartheidists and enjoy the "silken sheets" of political power. A two-party coalition would seem to give substance to that charge.

The third and most compelling argument is that the more inclusive the coalition, the more authentic the "government of national unity." If the radicals of both left and right are included, the chances of destabilizing assaults on the transitional regime will be reduced. It is the power of this argument that I believe will carry the day for 5 percent.

What, then, is the likely composition of the "government of national unity?"

It depends, of course, on how people vote, and in this country where black people have never voted and where authoritarian employers and fearsome security laws have caused blacks to conceal their true political beliefs, opinion polls are notoriously unreliable. Still, they are all we have to go by in the precarious business of political speculation.

Mark Orkin, a polling analyst, offers prediction that he calls "an educated current guess allowing for likely differences in voter turnout." These differences are expected to weigh more heavily against blacks than whites, since blacks are unaccustomed to voting and thousands may never get the identity documents they will need to become voters.

On this basis Orkin predicts the ANC will get 60 percent of the vote in an electorate of about 20 million (total population 38 million), the National Party 17 percent, the PanAfricanists 8 percent, the Conservatives 6 percent, and Inkatha 5 percent.

That would mean that in a 22-member cabinet—the size of de Klerk's present cabinet—the ANC would get 14 ministers, the National Party four, the Pan-Africanists two, and the Conservatives and Inkatha one each.

The liberal Democratic Party, made famous by veteran anti-apartheid campaigner Helen Suzman, and 12 other political organizations that have participated in the constitutional negotiations until now are unlikely to win a place in the cabinet.

But the party could gain representation in the elected Constituent Assembly—which will draft the new constitution and also form an interim parliament while this is being done—where the threshold is likely to be 2.5 percent.

What is striking about Orkin's prediction is the low rating of Inkatha. Chief Buthelezi has gained widespread media recognition, particularly in the United States, with his claim to be "the leader of the Zulu people," who are South Africa's largest black tribe. This has led to his being regarded as a political figure on a par with Mandela and de Klerk.

Yet according to Orkin, the most reliable opinion surveys show Inkatha has about 25 percent support among the Zulus—significantly less than the ANC—and nothing measurable among other Africans.

If that is correct, it means Buthelezi is unlikely to emerge from the election even as a regional leader in the predominantly Zulu province of Natal. Projected nationally, it means Inkatha is likely to win about 3 percent of the total African vote and will have to depend on growing support among whites looking for a conservative counter to the ANC to make the 5 percent cut for a place in the coalition cabinet.

One major uncertainty is whether the radical parties of the left and right, the Pan-Africanists and the Conservatives, will participate in the election or boycott it. Their inclusion in the coalition cabinet would help stabilize South Africa through what is still going to be a difficult transition.

But what is clear is how important it is to hold the election soon, to establish who's who in this tangled scene, who's real and who's a pretender, before South Africa begins drafting a constitution on behalf of "we, the people."

That done, it can then accommodate as many as possible in a founding gesture of national reconciliation.

THE TREATMENT OF THE BAHA'I FAITH BY IRAN

Mr. DODD. Mr. President, I rise today to say a few words about the treatment of the Baha'i community within Iran.

Mr. President, for the last 10 years I have joined with several colleagues in the Senate to bring attention to the desperate plight of the Baha'i community in Iran. I have been compelled to do so because of the clear evidence of widespread and systematic discrimination against the Baha'is.

For the 13 years since the Iranian revolution, Baha'is in Iran have consistently been persecuted, harassed, and discriminated against in all walks of life. Over 200 Baha'is have been killed, thousands have had property confiscated or been dismissed from their jobs, and an entire generation of Baha'is has been denied a chance at an education.

At least in some measure, it appears our efforts have been successful. Last year, 47 Members of this body consponsored Senate Congressional Resolution 43, which called on Iran to improve its treatment of the Baha'i community. That resolution, which passed the Senate unanimously last summer, helped compel the U.N. General Assembly to adopt a strongly worded resolution condemning Iran's persecution of the Baha'is.

This constant drumbeat of attention from around the world can only increase the pressure on Iran to resolve this issue. Indeed, in the past 5 years, the Iranians have clearly taken notice

of the world community's reaction. The March 1992 execution of a prominent Baha'i was the first such execution in several years.

Unfortunately, Mr. President, it is also quite apparent that Iran still has a long way to go. Just how far was made abundently clear 2 weeks ago when a U.N. envoy for Iran released a secret document apparently signed by Iranian President Hashemi Rafsanjani.

The document, the text of which I will place in the RECORD, provides a detailed blueprint for "destroying the Baha'i community." It spells out in detail the manner in which Baha'is are to be denied access to schools, employment, and universities. Moreover, it calls for a plan to confront and destroy the cultural roots of the Baha'is outside of Iran.

This document only serves to confirm what the Baha'i community has known all along: that the Iranian regime seeks nothing less than the total elimination of the Baha'i religion. Such behavior can no longer be tolerated if we truly believe in the international rule of law.

Mr. President, the Baha'i community of Iran doesn't ask for much. It is not a political party or an armed insurgency. It doesn't ask for financial assistance or military support. It asks only for the clear and convincing voice of the world community in asking Iran to bring an end to its blatant discrimination.

This document demonstrates why that voice is needed today—and why we must continue to address this fundamental abuse of human rights in the weeks and months ahead.

I ask unanimous consent that the full text of the document be placed in the RECORD.

There being no objection, the document was ordered to be printed in the RECORD, as follows:

[Translation from Persian; emphases added by translator]

In the Name of God!

THE ISLAMIC REPUBLIC OF IRAN; THE SUPREME REVOLUTIONARY CULTURAL COUNCIL

Number: 132// . . . .
Date: 6/12/69 [25 February 1991].
Enclosure: None.

Confidential

[From] Dr. Seyyed Mohammad Golpaygani [Secretary of the Supreme Revolutionary Council]

[To] Head of the Office of Esteemed Leader [Khamenei]

Greetings!

After greetings, with reference to the letter #1/783 dated 10/10/69 [31 December 1990], *concerning the instructions of the Esteemed Leader which had been conveyed to the Respected President regarding the Baha'i question*, we inform you that, since the respected President and the Head of the Supreme Revolutionary Cultural Council had referred this question to this Council for consideration and study, it was placed on the council's agenda of session #128 on 16/11/69 [5 February 1991], and session #119 of 2/11/69 [22 January 1991]. In addition to the above, and further to the [results of the] discussions held in this regard in session #112 of 2/5/66 [24 July 1987] presided over by the Esteemed Leader (head and member of the Supreme Council), the recent views and directives given by the Esteemed Leader regarding the Baha'i question were conveyed to the Supreme Council. In consideration of the contents of the Constitution of the Islamic Republic of Iran, as well as the religious and civil laws and general policies of the country, these matters were carefully studied and decisions pronounced.

In arriving at the decisions and proposing reasonable ways to deal with the above question, due consideration was given to the wishes of the Esteemed Leadership of the Islamic Republic of Iran [Khamenei], namely, that *"in this regard a specific policy should be devised in such a way that everyone will understand what should or should not be done." Consequently, the following proposals and recommendations resulted from these discussions.*

The respected President of the Islamic Republic of Iran [Rafsanjani], as well as the Head of the Supreme Revolutionary Cultural Council, while approving these recommendations, instructed us to convey them to the Esteemed Leader [Khamenei] so that appropriate action may be taken according to his guidance.

SUMMARY OF THE RESULTS OF THE DISCUSSIONS AND RECOMMENDATIONS

A. General status of the Baha'is within the country's system

1. They will not be expelled from the country without reason.

2. They will not be arrested, imprisoned, or penalized without reason.

3. The Government's dealings with them must be in such a way that their progress and development are blocked.

B. Educational and cultural status

1. They can be enrolled in schools provided they have not identified themselves as Baha'is.

2. Preferably, they should be enrolled in schools which have a strong and imposing religious ideology.

3. They must be expelled from universities, either in the admission process or during the course of their studies, *once it became known that they are Baha'is.*

4. Their political (espionage) activities must be dealt with according to appropriate Government laws and policies, and their religious and propaganda activities should be answered by giving them religious and cultural responses, as well as propaganda.

5. Propaganda institutions (such as the Islamic Propaganda Organization) must establish an independent section to deal with the propaganda and religious activities of the Baha'is.

6. A plan must be devised to confront and destroy their cultural roots outside the country.

C. Legal and social status

1. Permit them a modest livelihood as is available to the general population.

2. To the extent that it does not encourage them to be Baha'is, it is permissible to provide for them the means for ordinary living in accordance with the general rights given to every Iranian citizen, such as *ration booklets, passports, burial certificates, work permits, etc.*

3. Deny them employment if they identify themselves as Baha'is.

4. Deny them any position of influence, such as in the educational sector, etc.

Wishing you divine confirmations,

Dr. SEYYED MOHAMMAD GOLPAYGANI,
Secretary of the Supreme Revolutionary Cultural Council.

In the Name of God!

The decision of the Supreme Revolutionary Cultural Council seems sufficient. I thank you gentlemen for your attention and efforts.

ALI KHAMENEI.

CONCLUSION OF MORNING BUSINESS

The PRESIDENT pro tempore. Is there further morning business?

If not, morning business is closed.

NATIONAL VOTER REGISTRATION ACT OF 1993

MOTION TO PROCEED

The PRESIDENT pro tempore. Under the previous order, the Senate will now resume debate on the motion to proceed to S. 460, which the clerk will report.

The assistant legislative clerk read as follows:

A motion to proceed to the consideration of S. 460, a bill to establish national voter registration procedures for Federal elections, and for other purposes.

The Senate resumed consideration of the motion to proceed to the consideration of S. 460.

Mr. PRESSLER. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The absence of a quorum has been suggested. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. FORD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The senior Senator from Kentucky is recognized.

Will the Senator withhold until my public address system is working.

The senior Senator from Kentucky [Mr. FORD] is recognized.

Mr. FORD. Mr. President, we are debating the motion to proceed to S. 460. That means that in order to even consider this legislation we must have a cloture vote. Cloture to proceed is good and bad. It depends on which ox is getting gored. I understand that. And the occupant of the chair has been a very strong supporter of protecting the rights of the minority, and I agree with him.

Hopefully, not my persuasive powers, but that of those who support this legislation will be persuasive and we can get cloture and proceed to the bill. Because I am convinced beyond a doubt in my personal opinion that this legislation will assure that the overwhelming majority of Americans will be able to participate in democracy. And they have every right to vote or not to vote, but we are giving them the opportunity and the privilege without jumping through hoops and going over barriers; not to have the responsibility placed upon the individual to go to the courthouse or go somewhere to register.

So we begin our consideration of the National Voter Registration Act of 1993, a bill which I have sponsored with the senior Senator from Oregon [Mr. HATFIELD], now for several years. The bill which we are considering today, S. 460, is an original bill which the Rules Committee reported favorably on February 18, 1993. This bill is essentially the same as H.R. 2, which passed the House of Representatives on February 4, 1993. It is also similar to S. 2, which Senator HATFIELD and I introduced on January 21, 1993, and which is cosponsored by 34 other Senators.

Mr. President, I would like to make one note here at the beginning of our consideration of S. 460. Due to a change in the interpretation of the criminal fine provisions this year by the Congressional Budget Office, there was concern that there might be a technical—and I underscore technical—budget problem with either H.R. 2 or S. 2. It should be noted that the fine provision in these bills is identical to that which has been cleared by CBO in similar Senate and House bills during the past two Congresses. Out of concern that Senate consideration of this most important measure not be sidetracked by a procedural technicality, the Rules Committee proceeded with an original bill, which revised the disposition of criminal penalties.

If there was one clear lesson from the 1992 elections, it was that the American people affirmatively stated that this is their Government. The people want to play an active role in all levels of our Government.

In just the first few weeks of this new Congress we have all experienced the power of the people, who have often voiced their concerns on issues before the Congress. Our phone lines and our mailrooms have been flooded by our constituents, who are genuinely excited about their—and I use this word—rediscovery—rediscovered role in Government. They are making their voices heard.

Supporters of this legislation are encouraged by voter turnout in the 1992 election increasing 4 points from the 51-percent participation rate in the 1988 election to 55 percent in 1992. But it does not mean that voter registration reform is no longer necessary. Rather, voter registration reform is still necessary and is long overdue. Despite the increased voter turnout in November, the fact remains that almost 70 million Americans are unable to participate in our electoral system because they are not registered to vote—70 million Americans.

President Clinton has said we need to reform America by reforming our politics. The motor-voter bill does just that. It reforms our political system by creating a system of registration that will reach every eligible citizen.

Let me say very clearly that supporters of this legislation recognize that no legislation can mandate a higher turnout. But legislation can help make that goal achievable. It can remove registration barriers to voting. We can make the system convenient and more readily available to all eligible voters.

Last year, in an article which appeared in the Brookings Review, scholar Ruy Teixeira wrote in an article entitled "Voter Turnout in America: Ten Myths"—that was the heading of his article. I will quote from his article.

> There are quite a few things we could do to increase voter turnout, some of which are virtually certain to work.

Among those things that are certain to work, he said:

> Simply making it easier to vote by reforming the personal registration system would probably result in increased levels of turnout. * * * My estimate is an increase of about 8 percentage points, which translates into adding about 15 million voters to the electorate—a substantial expansion of voter participation by any reasonable standard.

In fact, Mr. President, of the States with the highest participation where registration is required, Minnesota, Montana, and Vermont ranked the highest. These are States with a motor-voter program. In fact, in a recent CRS analysis of the 1992 election results, it was noted that these were the same States that ranked the highest in turnout in the 1988 Presidential election.

During Rules Committee consideration of this legislation in the last Congress, our present registration system was characterized by an election official as a test of the endurance of the people. That is wrong. Registration should not be an endurance test. It should be—and we can make sure that registering to vote is—a convenient and readily available process. We can ensure that once registered, a person need never register again, so long as he or she remains qualified to vote. We can put an end to unnecessary reregistration by voters who choose to be heard by not voting—by not voting.

Some, even Senators, abstain from voting on committees. And that speaks as loud as a yea or a nay. So they want to be heard by choosing not to vote. And then we penalize them under our present system for not voting.

By adopting this bill, we can assure that the purpose of the election process is not to test the fortitude and determination of the voter, but, rather, to discern the will of the majority. That characterization of the present process is not mine. It was made by a State election official during past committee hearings.

Let us look a minute at what this bill does. It establishes a national voter registration procedure for elections for Federal offices. States will be required to establish voter registration procedures. First, simultaneously with an application for a driver's license; second, by uniform mail application; and, third, by application in person, either at an appropriate registration office or at a Federal, State, or private sectoral location, the so-called agency-based registration.

The bill prohibits purging for nonvoting and requires that the name of a registered voter may only be removed from the list of eligible voters at the request of the voter, by reason of death, by change of residence, or for criminal conviction or mental incapacity, as provided by State law.

Mr. KERREY assumed the Chair.

Mr. FORD. Mr. President, further, the bill provides that any State program or activity to protect the integrity of the electoral process by ensuring an adequate and current voter registration roll must be uniform, nondiscriminatory and in compliance with the Voting Rights Act of 1965. States must conduct a general program that makes a reasonable effort to remove the name of ineligible voters by reason of death or change of residence. The State must complete such a program at least 90 days before a Federal election.

No State may remove the name of a voter from the rolls due to a possible change of address unless the registrant confirms that change in writing or has failed to respond to a mail notice and has not appeared to vote in two Federal general elections following the date of the notice.

Mr. President, this bill is not the example of paternalistic Washington meddling with an activity that should be left to the States. It is a response, and I believe this is the way we should respond, to the pleas of a broad-base coalition that represents many facets of our population. A coalition of people and organizations who have long been active in voter registration activities at the local level.

Pure and simple, it has grassroots origins and grassroots support. And most importantly, it is made of concepts and programs that originated with our State and local election officials and which are working in many of our States right now. Some, such as the motor voter idea, was first proposed, then actively promoted, by State election officials. The bill is an example of Washington listening to and responding to State election officials and others actively involved in the ongoing task of registering voters and getting voters to the polls on election day.

The programs and concepts in this bill are not new or untried. They all have been used in a number of States. They have been proven to be effective and useful. Motor-voter registration, registering to vote simultaneously with an application for, or a renewal of, a driver's license is now in use in some form in 27 States and the District of Columbia. Registration by mail application has been around since 1941 and is now available in 27 States and the District.

Agency based registration is in use in 14 States and also the District of Columbia. It is certain, and this has been conceded by its opponents, that when this bill becomes law, it will increase the number of people on our voting rolls. Getting those eligible voters to vote on election day will be the job of the candidates, the parties and civic organizations. Their time, effort and money now spent on registration drives will be available to be devoted to get-out-of-the-vote activities. By increasing the number of eligible voters, this bill will make an increase in voter turnout possible, and I underscore possible.

Mr. President, let me put it another way that many of us, especially in Kentucky, can relate to. In a few short weeks, college basketball will be in the NCAA championship tournament. As the Final Four approaches, fans are going to become more interested and more enthusiastic about their team, but most of us will end up watching those games on TV because our name was not selected in the NCAA lottery for Final Four tickets. So we will not be there.

And it is like an election. You do not become interested in an election all year out; you become interested as election day approaches, as people begin the debate, as people begin to bring their message to the people. You find the candidate you want to work for and to vote for and, lo and behold, you are not registered because you did not go through the hoops and over the barriers to be registered. You are not there for the Final Four; you do not have tickets at the final games. Only those who were fortunate enough to get tickets early and apply for them early are the ones who are going to the game or, in this case, those who registered weeks before the election get to take part and vote on election day.

But unlike the NCAA ticket lottery, this bill does not leave to chance your ability to participate in the election. Rather, it will assure that everyone will have plenty of opportunities to register to vote. Opponents will say it does not take much to get registered. They say that if you are really interested in participating then "informed citizens" are going to find out about registration procedures. Mr. President, this is an elitist argument. The right to vote is a fundamental right of citizenship. Too many people are being denied that right because they have not successfully maneuvered the confusing maze of registration practices that continue to exist.

If the right to vote is fundamental, why is the burden to register placed upon the citizen? It should be the role of Government to see that every eligible citizen is offered the chance to register in the most convenient and accessible manner possible, and this is what the motor voter bill is all about.

The United States is the only industrialized democracy which has a passive registration system. It is time to create an active voter registration program. It is time to create a system that will reach out to almost every eligible citizen.

Mr. President, whenever I hear my colleagues talk about motor-voter who are opposed to this bill, they always raise the specter of fraud, fraud with a capital "F." Most of that concern has focused on the requirements for mail registration and, in particular, on the fact that the bill would not permit a State to require that a mail registration application be notarized or witnessed.

Mail registration is nothing new to the States. Twenty-seven States and the District of Columbia now have mail registration and only 10 require notarization or witnessing. Some of our most populated States provide for mail registration, including California, New York, Pennsylvania, Ohio, and only one, New Jersey, requires a witness.

A few years ago, the Congressional Research Service studied the experience of the 19 States that had mail registration at that time. Now there are 27. That study concluded that mail registration had not been accompanied by any increase in voter or registration fraud and that there are other effective ways to prevent fraud which were in use by those States.

That study showed that the two most frequently used means to prevent fraud were an attestation on the registration application form by the voter as to voter qualifications and penalties for their violation and a followup mailing to the applicant at the address stated on the application.

Both of these proven methods of preventing fraud are provided in this bill. They have been effective and, at the same time, do not impose unnecessary burdens and procedure on people conducting voter registration drives.

Mr. President, last year the State of Mississippi adopted mail registration. In its consideration of its legislation, the Secretary of State conducted a nationwide study of voter registration with an examination of the potential for registration fraud. The Mississippi Secretary of State concluded that he "could find no evidence of registration fraud. The U.S. Postal Service confirmed that it had virtually no instances of voter fraud."

Further, he indicated that mail registration and a well crafted motor-voter system is an effective and safe means of voter registration.

That is the conclusion of the Secretary of State of Mississippi after he made his own personal survey and installing this procedure in that State.

Mr. President, in addition to the requirements of an attestation clause and followup mailing, the bill includes other antifraud provisions. It makes voter and registration fraud a Federal crime. It permits each State to require that a person who registers by mail make a personal appearance to vote the first time such a person votes.

That was a suggestion made by the other side of the aisle which has been put in this bill and eliminated the concern of several of my Republican friends who had concern about the bill. But that satisfied them and it is now in the bill.

It requires that the States keep their voter rolls current and correct and requires that an applicant sign under penalty of perjury that he or she is eligible to vote—under the penalty of perjury that he or she is eligible to vote.

Probably the most significant antifraud provision of the bill, however, is the motor-voter registration procedure. By piggybacking the voter registration application process onto the system now used to license drivers, voting registrars can take advantage of the motor vehicle agency's procedure for licensing drivers. In most States, the motor vehicles department has the most stringent requirement for determining the identification of applicants. Evidence of date of birth and residence are required. Other identifying information, including a Social Security number, in many instances is included on the form. And each person is photographed and the picture is affixed to the license.

Now, Mr. President, what better or more stringent application and identification procedure could we have for voter registration purposes. About 85 percent of all persons of voting age have driver's licenses and will eventually be processed under such a procedure through new driver's license applications, renewals, and change of address notices.

In each instance, the information provided by the driver's licensing agency will be available if necessary to update and keep the voting rolls current and correct.

Mr. President, I think that after making a fair assessment of all the provisions of this bill, it is correct to conclude that this bill is a strong antifraud measure. It will result in more current and correct voter rolls and will provide the registrars ample means to assure that our elections are as free from election fraud as possible.

Critics now claim that in addition to fraud, noncitizens are going to be registered under the bill. If it is not one thing one day, it is another thing the next day.

The safeguards in this bill are just as effective in preventing noncitizens from registering to vote.

Nothing in this legislation changes the requirements of eligibility to vote. You must still meet every requirement of eligibility. In fact, this bill specifically states in three separate places that the application for registration

must set forth all the requirements for eligibility including citizenship. The applicant signs this attestation under penalty of perjury.

Mr. President, every State requires citizenship as a requirement for eligibility to vote. This is not a change by this legislation.

Let me also point out that in States which have some of these registration programs like Texas, California, and New York, none have reported any instances of aliens registering to vote or voting. And so I think the results are telling.

Mr. President, the motor-voter bill is cost effective. We hear about all the cost it is going to put on the States, but the motor-voter bill is cost effective. Opponents of this legislation will claim that this bill is just another example of so-called unfunded Federal mandates. To illustrate their point, they will present a number of cost estimates.

Mr. President, we have a cost estimate for this bill also. As everyone knows the usual practice is to have a cost estimate prepared by the Congressional Budget Office, and CBO did a very thorough job of analyzing this bill by surveying States and local election officials. CBO has estimated that this bill will cost $20 million a year for the first 5 years. However, CBO has noted that there are several cost savings. For instance, CBO estimates that States will save between $7 million and $10 million in an election year in administrative costs because local election officials will not have to hire part-time staff to assist in registration applications received in the last few weeks before the election as under our present procedure.

In addition, because the main requirements of this legislation are mailings, the bill provides for election officials to use a reduced postal rate that could save the States up to $4 million annually in mailing costs.

Mr. President, the CBO estimate demonstrates that this bill is cost effective. But you do not have to accept CBO's estimate. Just look at the facts where States have adopted motor-voter. Take, for example, the District of Columbia, which has a motor-voter program similar to this bill. In hearings before the House Subcommittee on Elections this past January, the executive director of the D.C. Board of Elections and Ethics testified that "when voter registration costs are examined, motor-voter is by far the most effective method available." In Washington, DC, the cost for a motor-voter transaction is 18 cents including the cost of the registration form.

Now, the director made a comparison study of other forms of registration. Traditional registration drives cost an average of $1.10 per registration. Automatic household outreach mailings go as high as $2.31 per registration. In fact, the executive director testified that the costs for implementing motor-voter are grossly overstated. In the District of Columbia experience, the program was instituted without additional staffing or funding. Let me underscore that. It was instituted without additional staffing or funding for either the motor vehicles bureau or the elections office.

Mr. President, the National Voter Registration Act of 1993 will go a long way to make sure that voting rolls are kept current and accurate so that they can serve as vehicles to facilitate elections rather than obstacles to full participation by our citizens. It will assure that exercising the right to vote will be readily available to all qualified citizens and not a prize reserved for those who demonstrate the stamina and endurance to overcome obstacles to register.

Mr. President, the National Voter Registration Act of 1993 deserves the support of all Members who are concerned about the level of participation in democracy. If we want to be able to maintain the high level of turnout in the 1992 elections, we need to pass motor-voter to ensure that these people remain eligible to vote in future elections.

Mr. President, in passing the motor-voter bill, we can ensure that almost every eligible citizen will be registered to vote. No one will have to stay home on election day simply because they are not registered. Democracy is not a spectator sport. It requires the full participation of all citizens to make our Nation work better. The vitality of our Republic depends upon the strength of our participation. The National Voter Registration Act of 1993 strengthens democracy by making voter registration a convenient and accessible system to secure the basic right of citizenship. I urge all of my colleagues to support democracy by supporting this bill.

Mr. President, I yield the floor.

Ms. MIKULSKI addressed the Chair.

The PRESIDING OFFICER. The Senator from Maryland is recognized.

Ms. MIKULSKI. Mr. President, while waiting for the opposition to this bill to proceed, I ask unanimous consent that I might speak for 4 minutes in morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The remarks of Ms. MIKULSKI pertaining to the introduction of S. 501 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

Mr. MCCONNELL addressed the Chair.

The PRESIDING OFFICER. The Senator from Kentucky is recognized.

Mr. MCCONNELL. Mr. President, here we are again on motor-voter. It keeps coming back sort of like a bad penny.

First let me say, Mr. President, in regard to the overall question of voter participation there is simply no correlation between the number of people who are in effect thrown onto the rolls and the number of people who choose to participate. Voter participation until 1992 had been consistently tracking down since around 1960.

An interesting thing began around 1960, which was that we went into a phase in this country of gradually making it easier to register and to vote. So as we move in the direction of making it more convenient and easier for people to participate to voter over the last 30 years, the one clear thing that happened was the turnout went down.

In 1992, we had an upturn. We will see whether it was an aberration or a trend back in the other direction, with a very dramatic 5-percent increase in turnout in the Presidential election this past November.

It is pretty clear, it has been demonstrated time and time again, that there is no correlation between registration and turnout. So why did people turn out in 1992 when they did not as much in 1988 or 1980 and so on? Clearly they were interested. The voters were activated. They were motivated, and paying attention. They were calling their radio talk show hosts. The candidates were appearing on everything from MTV to Larry King. It was a stimulated electorate.

From all indications the electorate is still stimulated. I know in my office I received—and I heard a lot of other Senators also had—higher volumes of calls this year than ever before on a variety of different issues. The electorate clearly is beginning to get more interested.

This Senator thinks that is a ripple. I am glad. It is terrific. I am glad of that. But I think the effort to browbeat people into participation simply does not produce the desired result. The studies are clear. That is about the only way that can make people participate. It is tried in some countries. In some countries they fine or penalize voters. It has a remarkable impact on turnout.

We have heard passionate speeches on the floor of the Senate about commending the turnout in other countries. I have heard people talk about the Soviet Union having a higher turnout in their presidential election than we did in 1988. Of course, they did. They had not had 1 in 1,000 years. It was a novelty. They were interested. The voters were activated and involved. Of course, they came out.

But clearly there is one thing that will bring the voters out, Mr. President, that is the penalties. I do not advocate that. But if we are looking for a correlation between registration and voting procedures and turnout, there is only one thing that will guarantee a higher turnout. That is penalizing voters.

Italy, Australia and Belgium had the highest turnout among Western democracies—Italy, Austria, and Belgium, the highest turnout among Western democracies. How did they get it? They punish nonvoters. But here in this country we have a right not to participate without fear of reprisal. I think that is a right we ought to respect.

The GAO has studied this issue and noted that "The imposition of relatively small fines or other penalties can have a major impact on voter turnout. Austria, Belgium, and Venezuela impose fines or other penalties for failure to vote."

Listen to this: In Italy the nonvoter is really treated as a pariah. He may have his name posted outside the town hall and his identity papers may be stamped "Did not vote for 5 years;" an outcast in the country.

It is widely assumed that Italian nonvoters are subject to discrimination in employment and other benefits. Not surprisingly, Italy has the highest voter turnout among the industrialized democracies even though it ranks very low in political satisfaction and other attitudinal variables that facilitate voting.

The average voter turnout is about 10 percent higher in countries with penalties for not voting. The causal relationship between penalties and voting is fairly well established. For example, when two nations change their laws on penalties for failure to vote, their turnouts change accordingly. In 1960 Costa Rica introduced penalties for failure to vote and voter turnout subsequently increased by 15 percent.

Fifteen percent in Costa Rica after they institute the penalties.

In 1971, the Netherlands eliminated all penalties for not voting and participation fell by 16 percent. In Australia and New Zealand, failure to vote is a misdemeanor.

There is a great idea. We will make it into a petty crime if you do not vote. It has a remarkable impact on turnout.

Of interest to those who blame our campaign finance system and voter disgust for low turnout, GAO observed, "a popular explanation for our low and still declining"—this is written prior to 1992—"voter turnout is that unlike citizens of other democracies, Americans have become alienated from the political process."

This argument assumes that Americans increasingly believe that politicians cannot be trusted, that government is unresponsive, ineffectual, or even corrupt. Sometimes the alienation is attributed to historical events that have occurred since the midsixties, since the Vietnam war and the Watergate scandal. I suppose all of this is a plausible explanation. It is, however, not supported by cross national research on voting-related attitudes, not research based at all.

Interest in politics, attention to political affairs in the media, and individual political efficacy are consistently higher in the United States than the European democracies. Moreover, United States citizens are more likely than citizens of European democracies to engage in political activity, such as working with others in their communities to solve problems, attending political meetings or rallies, and working on behalf of a party or candidate.

So, Mr. President, if we want higher turnout, you are not going to get it by throwing millions of people on the rolls. There are simply no studies to support that. About all you can do—and I certainly do not want anybody to think I am advocating that—is either coercion or bribery. That is basically the way some other countries established high turnout. Even in those countries, there is no particular interest in politics. They may turn out, but they do not do anything else.

So, Mr. President, this measure, with all due respect to those who support that—and I respect them, and I know they believe it is a good idea for the country—this bill could best be described as a solution in search of a problem.

Registration is not difficult now. It is not difficult now. In looking down the States, there are 10 States that have agency-based registration now, based on State law. There are 27 States who have mail registration. And 27 States already have motor-voter, the measure we are talking about here.

There is nothing to keep any State in the United States today from going to motor-voter, if they thought it was a good idea. Why do we want to take away their discretion, Mr. President? It is not like they were making it tough to vote in the States that do not have motor-voter. It is remarkably easy to register in this day and age.

As a result of 30 years of easing of registration across the country, we have made it pretty darned easy for people to get on the rolls. I have taken a look at what the various States require.

In Alabama, for example, the registration books close 10 days before the election. In Alabama, all a citizen has to do is have some fleeting interest in the election going on, just some thought about it, during any of the 355 days of the year, and they can get registered. The opportunity is only closed off to them 10 days before the election in Alabama. In Alaska, they have mail-in registration; they have motor-voter already and a 30-day registration close period. In Arizona, they have mail-in, and they already have motor-voter, and a 29-day period before the election for the books to close. In Arkansas, it is only 20 days. In California, they have mail-in registration, and it is only 29 days. In Connecticut, they have mail-in, agency-based, motor-voter, 1 day before the primary and 21 days before the general election.

I may read the rest at some point during the discussion, but the basic point I want to make is that I do not find any State in America, not a single one, that has a registration period more lengthy than 30 days before the election.

One State, the State of North Dakota, has no registration at all, and that is an option, obviously. Any State can choose not to have registration at all. My colleague and I know that if we did that in eastern Kentucky, you would never have an honest election. But in North Dakota, obviously, they do not have a problem. I have been told they have never had a case of election fraud in North Dakota in the history of the State. Obviously, it is something they do not do in North Dakota. So it is not a problem for them.

Minnesota has election day registration and other forms of registration. Wisconsin has election day registration. But all of the rest of the States, in their wisdom, have felt that in order to protect the rights of the legitimate voter, there ought to be some registration procedure. But it is clearly not onerous, by any standard.

Any State that concludes, today, that it is a good idea to register voters through the issuance of driver's licenses can do it today. I assume, Mr. President, if the remaining States in the union become convinced over the next few years this is a good idea, they will do it.

But I must tell you, Mr. President—and I say this also to my colleagues—there is no evidence whatsoever that that is going to increase turnout; and that leads to the next issue, which is the question of unfunded mandates. We have a $4 trillion debt up here; we are broke. So it has become increasingly fashionable for us to require of others that which we are not willing to pay for ourselves.

There was an interesting article by David Broder in the Washington Post a few weeks ago, and I think most of us on both sides of the aisle would consider David Broder one of the most objective, fair-minded commentators of the American political scene these days. My suspicion is, from reading the article, that David Broder is essentially in sympathy with motor-voter, and probably thinks it is worthwhile legislation. I differ with him on that point, in terms of the Federal Government making the States do it. But he does raise, I think, a very interesting observation about our propensity around here to pass legislation which requires others to do something and not pay for it.

David Broder, in the Washington Post piece of February 14, in describing this bill, calls it the overhyped motor-voter bill. He says, it is "an example of the kind of underfunded, overhyped legislation that gives Congress and Washington a bad name."

On down in the article, he points out, "they have failed to put their money where their month is. The bill imposes a welter of new duties on the States

and offers them little help in paying for them."

He further points out, "Expanding the rolls of eligible citizens who are registered is no guarantee that the total number of voters will increase."

Mr. President, that is David Broder commenting principally about the issue of unfunded mandates.

I ask unanimous consent that that article be printed in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD as follows:

INFLATED EXPECTATIONS

(By David S. Broder)

It is rare that Congress passes a good bill that also sends a bad message. The "motor-voter" bill that whipped through the House early this month and is slated for floor action soon in the Senate is such legislation.

For the most part, it is well-designed to accomplish the worthy purpose of increasing access to the voting booth for millions of American. But it is also an example of the kind of underfunded, overhyped legislation that gives Congress and Washington a bad name.

The purpose of the legislation is to make voting registration easier by combining it with the procedure for obtaining or renewing your driver's license. The bill would also require states to offer postcard registration and mandate outreach to unregistered voters through many of the government offices people deal with every day.

It was approved by Congress but vetoed by President Bush, for not very compelling reasons, last year. An identical bill cleared the House by a healthy 259–160 margin on Feb. 4, and the Senate Rules Committee has slated a meeting for Thursday to send it on for floor debate.

Motor-voter has been tried in a small number of states, with results that so far fail to confirm the fears of widespread fraud that Bush and other Republicans assert is its crippling defect. By building on that state experience, its sponsors have done something that is altogether too rare in Washington. They allowed the design to be field-tested before taking it national.

But, unfortunately, they have done something else that is altogether too common in this capital. They have failed to put their money where their mouth is. The bill imposes a welter of new duties on the states, and it offers them little help in paying for them.

When the nation's governors were in town two weeks ago, President Clinton listened sympathetically to their pleas for a halt to Washington's habit of dumping unfunded mandates on the states. But so far, Clinton has urged Congress to send him the motor-voter bill and hasn't said "boo" about it being another unfunded mandate.

The only benefit the bill provides is about $5 million of postal subsidies for the verification forms states may use to check the validity of registrations. The estimates of what it will cost the states range from $25 million a year up to 10 times that amount. But no one disputes that computerization and manpower costs are going to put an additional burden on strained state budgets. And Congress, with it's usual cavalier attitude, is going to make the states pay.

The other characteristic thing Congress has done is to hype what the bill can be expected to accomplish. During the House debate, speaker after speaker talked as if the measure were a sure cure for the embarrassing gap in voter turnout between the United States and most other democracies.

Those who have studied election laws know better. As the House committee report recommending the bill says, "Expanding the rolls of eligible citizens who are registered is no guarantee that the total number of voters will increase, but it is one positive action Congress can take to give the greatest number of people an opportunity to participate."

Curtis Gans, the head of the Committee for the Study of the American Electorate, who is the authority on these matters, agrees. He points out that Colorado had a 13 percent increase in registration when it introduced motor-voter after the 1984 election, but only a one percent increase in turnout in 1988.

Turnout increased almost everywhere between 1988 and 1992, but the statistics are, in Gans's word, "ambivalent" on whether motor-voter states did any better than those without that registration system.

Still, there's little doubt a great many more people will be on the registration rolls after this becomes law. Currently, only about 65 percent of the voting-age population is registered to vote. But that will rise to more than 90 percent if this measure succeeds in registering every auto license holder. And additional hundreds of thousands will be enrolled by mail or by other government agencies.

The prospect of all these newcomers makes Republicans nervous—even though many of the new registrants are expected to be young people. In two of the last three presidential elections, most young people voted Republican. Some of the Republican rhetoric condemning the bill has been even more exaggerated than Democratic descriptions of its benefits. They have warned of a "monstrous bureaucracy" exposing "our electoral system to terrible abuses."

In the Senate, diehard Republicans are threatening a filibuster to delay or block the measure. Rather than go down in flames, Republicans could more usefully try to improve the bill's verification procedures, which are vaguer now than in earlier versions. They could also reasonably insist that a wide variety of state offices, serving many constituencies, be required to offer voter registration forms—not just the welfare and unemployment benefits offices mandated in the Democratic bill.

And, most important of all, the Republicans could pressure the Democrats to guarantee that the federal government will pick up its share of the costs of this bill instead of loading them onto the states.

Mr. MCCONNELL. Mr. President, we ought to, if we are going to pass this legislation—particularly when I think of States like California, I have here in my hand an article about 6 months old, and it kind of sums up California's financial condition.

The headline says "California Strains To Pay Workers, Avert Bankruptcy." We all know that California has been described as in the midst of a depression, not recession. The State government was issuing IOU's last year and taking all kinds of draconian steps to cut back to size of the Government. They tried raising new taxes a couple years ago. That did not do any good. California is in a severe governmental crisis.

California is one of those States which in its wisdom has chosen not to go to motor-voter. They may do that someday, if we allow them to continue to have the option to make that decision themselves.

But this is an example of one of our States that is in severe crisis, financially. It was 6 months ago. It still is today. And yet we want to say to California we are going to take away your discretion to spend the millions of dollars that it will take you to implement motor-voter. We are going to say, "California you have got to spend x million dollars going to this kind of registration system, and we are unconcerned about where you get the money from. You can raise taxes of the people of California. You can take it away from schoolchildren. We do not care where you get it. You do not have any choice. You have got to implement motor-voter."

Mr. President, if this were an issue that was in the forefront of our country, if this were an issue that was truly important to the survival of the Republic, maybe under those circumstances it would make sense for the Federal Government to say to California, "I do not care if you have to cut back on food stamp issuance to people in need, fund motor-voter and do it now." But, Mr. President, this mandate is in the name of increased voter participation where there is no evidence whatsoever that will increase voter participation. We are going to make States like California pick up the tab for this. This is not fair to the State, Mr. President.

It is simply not fair. And beyond that, let us assume California, Mr. President, decided we just cannot afford it. We are simply not going to do it. We are going to say "no" to this mandate. What options do they have under the bill before us?

Let us assume that the elected representatives of the State of California conclude in their wisdom, and I think this is a decision I would certainly applaud, that they do not want to cut back on child nutrition in order to fund motor-voter. Some would conclude that would be a rational political decision to make. What are their options? They have two under this bill, Mr. President. They can go to no registration at all like North Dakota, a small State in which most everybody knows everybody else. California is left with the option of no registration at all, a State sagging under the weight of illegal immigration, dealing with the questions of who is eligible for this, that, or the other as the Government sags behind the weight of all benefits it showers not only on its citizens but inadvertently on people not citizens at all. Or if it does not want to do no registration at all it can register on the actual day of the registration, same day registration.

Mr. President, surely this is one portion of the bill that we could on a bipartisan basis at some point in the de-

bate agree ought to be corrected. It is simply not fair. It is simply not fair to say to a State if you cannot afford motor-voter you have no registration at all or same-day registration. And those are the only options under this legislation.

Mr. President, I would hope at some point—and I intend to talk to my friend from Kentucky about this as the debate moves along, probably off the floor—this is an area where it seems to me we ought to be able to craft some adjustment to deal with a burden I just simply think we should not impose on States, because, Mr. President, left to their devices only one State in America has no registration at all, only one, and there are fewer people in that State than in my hometown, and obviously they have decided on their own they sort of know everybody and you know it is not a problem. Clearly it has not been a problem. They never had a case of election day fraud. There are only two States that have same-day registration, there is clearly no consensus in America for no registration at all, or same-day registration.

If you could argue that there may be a growing consensus for motor-voter since 27 States have opted to go to it, and this Senator would continue to defend their right to do that if they want to, because under that set of circumstances they have presumably made the decision they want to do it and they can afford to pay for it.

But for us to say to them: "Here is your present, Here is your Christmas present; we are giving you three options. You can adopt a motor-voter system that may cost you in some big States millions of dollars; you can have no registration at all, thereby leaving you with the problem of respecting the integrity of your citizens who like to cast a vote and think it is not counted any more or less than anyone else, or same-day registration which is fraught with almost as many problems as no registration at all.

So I would hope that we might be able to on a bipartisan basis at some point correct this problem. I am sure that people on the other side would not argue that the bill is perfect in all respects and maybe there is some adjustment we can make, because it seems to me that is fundamentally unfair to the States.

Mr. President, that, in summary, is I think a litany of basic arguments against this legislation. I do want to commend my friend and colleague from Kentucky. Even though we differ on the merits of legislation I want to commend him for dogged determination for pursuing this both in our Rules Committee and on the floor, and I think he has done a very, very effective job and I would hope as we move along in the debate we might be able to consider some adjustments in this legislation—hopefully it is not every bit of it written in concrete—that might make it more acceptable should it at some point become law.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Kentucky is recognized.

Mr. FORD. Mr. President, I appreciate the compliments from my colleague. It seems as far as the major battles of registration, to register to vote, or campaign finance reform, trying to limit expenditures, it winds up that we are on opposite sides. He worries about east Kentucky and I worry about other places and what would happen there if certain things happen.

I just want to add I am not a lawyer and he is, but I will maybe refute the statement in defense of my bill. He talked about browbeating the people to vote. I do not agree this bill will browbeat people to vote. So I do not accept that description of this bill.

And then as to the right not to participate, if you are registered and you exercise a right not to participate, then you are not taken off the rolls under this bill. And under this bill if you decide not to register, just check the box and you do not have to register to vote. But if you are registered and you want to exercise your right not to vote, you are not eliminated from the rolls and have to go back through all the hoops and barriers again to get registered.

We hear talk about imposing a penalty or a fine or a misdemeanor to get people to vote. We are absolutely the opposite. We put the penalty to prevent people to register to vote. We make it tough on the front side, not the back side. We try to prevent people and make it hard for them to vote. Only those that have the ability to get there, and understand, vote. They call them the informed voter. We penalize up front, because we make it harder for people to go and register to vote.

Now, Mr. President, we are not Italy, we are not Belgium, we are not Costa Rica. We are the United States of America and we want to do it our way. We are the leaders. We do not have to look at others. We should do it our way. Italy has a fine and misdemeanor and puts the name on the courthouse door if you have not voted. We can go to open records. We can go see who has not voted, and who has not registered. We can do all that. But we are not Italy. We are no Belgium. We are not Australia. We are not Costa Rica, whoever it might be; we are the United States. No one can tell us today how many people were not registered who wanted to vote, how many people who were not registered who were eager to vote and did not, how many did we prevent. Could we have had 60 percent instead of 55, if we had this bill in place? Sure, it does not guarantee higher turnout, but it does guarantee the ability if they have the interest to go vote. We do not force them to, but we have it in place.

So I think it is important that we all agree.

Virginia had a registration program. They had 250,000 new registrants across the State. In the next election, their turnout was up 50,000.

Well, they did not vote 250,000 more, but they voted 50,000 more. Some said, well, that is not necessarily because they had this big registration drive. If they had not been registered, they would not have been able to vote. So you had at least 50,000 more voters the following election.

I thought pretty hard about who is controlling the State of California right now and the shape they are in, but I would not mention that.

Mr. McCONNELL. Willie Brown.

Mr. FORD. No, a former Senator.

But we have a Senator here now who is trying to correct it.

Anyhow, I have a letter from California, dated March 1. It is from the secretary of state. It reads:

I am writing as California's Chief Election Officer. As you know, I am an early and enthusiastic supporter of the "National Voter Registration Act of 1993." The adoption of such a program is long overdue.

I will not read the whole letter into the RECORD, but I will offer it for the RECORD.

I continue:

The adoption of H.R. 2 or S. 460 would go a long way toward reconnecting—

Pretty good language—

Go a long way toward reconnecting citizens to their Government.

We have seen a little tinge of it in November 1992. We are beginning to feel more. But here is the secretary of state of California who says it will go a long way toward reconnecting the citizens to their Government.

Quoting from another paragraph:

I understand that it has been alleged that adoption of the "motor voter" and other components of the bill would increase the likelihood that noncitizens are registered to vote. I would certainly be among the first to oppose any procedure that would have that impact. I firmly believe that only citizens should have the right to vote and that all appropriate steps should be taken to ensure that noncitizens are not intentionally or inadvertently registered.

So she supports the provisions of this bill as it relates to noncitizens.

And she further goes on:

My office has reviewed H.R. 2 and S. 460 with attention to the issue of noncitizens registering to vote. After this review, we have concluded that these bills will make it less rather than more likely that noncitizens will be registered in California.

They even talk about their registration by mail system. And it goes on and on.

And so if you want to talk about California, here is the No. 1 chief elections officer supporting this bill.

Mr. President, I ask unanimous consent that the letter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

OFFICE OF THE SECRETARY OF STATE,
Sacramento, CA, March 1, 1993.

Hon. WENDELL H. FORD,
Chair, Senate Committee on Rules and Administration, Russell Senate Office Building, Washington, DC.

DEAR SENATOR FORD: I am writing as California's Chief Elections Officer. As you know, I am an early and enthusiastic supporter of the "National Voter Registration Act of 1993". The adoption of such a program is long overdue.

At the November 1992 Presidential Election, we estimate that there were some 20,863,687 citizens eligible to register and vote in California. Tragically, only 15,101,473 or 72.38% of the eligible citizens were actually registered to vote and even this figure overstates the case given a significant amount of "deadwood" in our files. The fact that over 5.7 million eligible Californians were not even registered to vote is an embarrassment. What is even more shameful is the fact that many of them would have voted had they been registered. Their inability to vote left them embittered and frustrated and denied the democratic process essential input from its citizens.

The adoption of H.R. 2 or S. 460 would go a long way toward reconnecting citizens to their government. California's successful experience with registration-by-mail, which I sponsored and implemented in 1976, indicates the importance of this method of registering voters. However, it is only a partial solution. Motor-voter and active agency-based registration are essential if we're going to get the job done. We estimate that motor-voter and agency-based registration would ultimately add over two million additional registrants to our files.

I understand that it has been alleged that adoption of the "motor voter" and other components of the bill would increase the likelihood that noncitizens are registered to vote. I would certainly be among the first to oppose any procedure that would have that impact. I firmly believe that only citizens should have the right to vote and that all appropriate steps should be taken to ensure that noncitizens are not intentionally or inadvertently registered.

My office has reviewed H.R. 2 and S. 460 with attention to the issue of noncitizens registering to vote. After this review, we have concluded that these bills will make it less rather, than more likely that noncitizens will be registered in California. Currently, with California's registration-by-mail system, we have been very vigilant in guarding against noncitizen registrations. We do not believe there is any problem in this regard. However, with the adoption of H.R. 2 or S. 460, the "motor voter" and "agency based" registration procedures will become the primary registration methods. "Motor voter" and "agency-based" registration provide additional opportunities to screen for applicant eligibility. With proper staff training and supervision and with appropriate form design, we believe that any risk of noncitizens being registered to vote in California will be reduced by the adoption of the "National Voter Registration Act of 1993."

I again wish to indicate my support for this important measure. Should you staff have questions in this regard, please contact my chief deputy, Tony Miller (fax 916-324-4573).

Sincerely,

MARCH FONG EU.

Mr. FORD. Mr. President, we just happen to have a letter that might be of interest to the Presiding Officer. It is from Margaret Jurgensen, the election commissioner from the State of Nebraska. And I will just quote a little bit of that:

I serve as the Election Commissioner for the largest county in the State of Nebraska and strongly support Senate Bill 2. Election administrators are service providers, and centralization of the registration process at the courthouse is a convenience only to election officials, not our citizens. Even the conservative financial institutions have reached out to their customers to provide greater accessibility with off-site banking as witnessed by the advent of bank cash cards.

The change represented in this Senate Bill 2 will enhance the democratic process. Motor-voter is another step towards removing artificial barriers to the voting process, similar to the removal of poll taxes.

Mr. President, I ask unanimous consent that the letter from the distinguished election commissioner from the State of Nebraska be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

ELECTION COMMISSION,
Omaha, NE, March 1, 1993.

Senator WENDELL H. FORD,
Chairman of the Senate Rules and Administration Committee, Washington DC.

DEAR SENATOR FORD: I wish to express my gratitude to you for your diligent efforts for the establishment of the National Voter Registration Act.

I serve as the Election Commissioner for the largest county in the State of Nebraska and strongly support Senate Bill 2. Election administrators are service providers, and centralization of the registration process at the courthouse is a convenience only to election officials, not our citizens. Even the conservative financial institutions have reached out to their customers to provide greater accessibility with off-site banking as witnessed by the advent of bank cash cards.

The change represented in this Senate Bill 2 will enhance the democratic process. Motor-voter is another step towards removing artificial barriers to the voting process, similar to the removal of poll taxes. Local election officials need to examine the process for voter registration; and develop a means to reach out to the citizens with improved and accessible service, like all service industries, private or public. Douglas County, Nebraska's current process includes the agency-based, mail-in and motor-voter registration with the traditional courthouse registration setting and it is working successfully.

Thank you for your efforts. I'm looking forward to watching the coverage of President Clinton signing the bill into law.

Sincerely,

MARGARET A. JURGENSEN,
Election Commissioner.

Mr. FORD. We just had inserted in the RECORD David Broder's article on inflated expectations and the overhyped motor-voter bill.

Well, as usual we all pick out what sounds good for us and do not repeat what does not sound too good.

I am pleased that the whole article is in the RECORD, so now I will not have to do it. But I will pick out a couple of statements in addition to that.

It says, in a couple of paragraphs down:

"It was approved by Congress"—talking about the motor-voter bill of 1992—"It was approved by Congress, but vetoed by President Bush, for not very compelling reasons."

"Not very compelling reasons."

Now we have heard high praise for David Broder here. He is one of the finest writers, and out in the country he meets with people, he goes to precincts, he studies voting patterns, and all that. I like David Broder, and I agree.

But, I think that we ought not use David Broder for one way or the other.

Mr. MCCONNELL. Will the Senator yield?

Mr. FORD. I am glad to yield.

Mr. MCCONNELL. Will the Senator share my view that the Broder column was about—I conceded he liked the merits of the bill—but the Broder column was about paying for it?

Mr. FORD. I understand that.

Mr. MCCONNELL. Essentially, the crux of the article was if we are going to pass legislation, no matter how worthwhile it was and we thought it was that important for the States to accomplish, then we ought to send them the money to implement it.

Mr. FORD. We talked about CBO's estimate of $20 million, a savings of in excess of $10 million, when you get down to what it really costs out there and what it gives to the citizens. And if we flooded the States, they would have to pay for it, anyhow.

Right now we are giving them breaks on postage and other items that will help offset, in addition to the $10 million. So the basic cost is probably less.

Mr. MCCONNELL. If I could ask the Senator another question. If the cost is inconsequential, then why do not we pick up the tab?

Mr. FORD. I think it is something 27 States have already acquired. It is a grassroots effort and the one way you can have this uniformly is here.

I would say that at some point, under this legislation, the Senator ought to know very well that we cannot appropriate funds out of the Rules Committee. It has to come from the Appropriations Committee, and they will appropriate some time. So in this piece of legislation, we cannot pay for it. If you want to put an amendment on it, I do not think it would ride, but it might.

Mr. MCCONNELL. So the Senator from Kentucky would support an effort at this level of Government to pay for this mandate?

Mr. FORD. I am not sure I would. Under the circumstances, the estimate we have is that the cost is negligible. I think the States can very well pick it up. And we will provide some uniformity among the clerks where they register in January, February, March, and April, instead of having an avalanche of people standing in line trying to get registered and get frustrated and leave.

They like the uniformity. That is the reason we are getting support from California without any money in it. That is the reason we are getting support for it from Mississippi without any funding. That is the reason we are getting support from Nebraska without any funding.

So I do not see that you can lean on that weak reed here now and say that we have to pay for it, when these Secretaries of State are endorsing the bill and asking us to pass it.

Mr. MCCONNELL. In the correspondence the Senator referred to, did any of the people who wrote indicate why, since the State has the option to go to motor-voter on its own, why none of these States have done it?

(Mrs. MURRAY assumed the chair.)

Mr. FORD. I do not believe they have, but I will look and see and be glad to find out.

Now, may I get back to my Broder statement?

David Broder, in his article, said: "By building on that State experience"—talking about motor-voter—"its sponsors have done something that is almost too rare in Washington." Listen to this now. "* * * its sponsors have done something that is almost too rare in Washington: They allowed the design to be field-tested before taking it national."

That is the reason the support is out there. We field tested this and it works.

At another spot in the Broder article it says, "the prospect of all these newcomers makes Republicans nervous." Think about that. All these newcomers on the rolls makes the Republicans nervous, even though many of the new registrants are expected to be young people. And in the last two Presidential elections, most young people voted Republican.

But I have heard it said right there—not by my colleague but others—that if this bill passes, we will never be in the majority again.

I ride down the street, I cannot tell whether that person is Democrat or Republican. I do not know what they are. I am not trying to set this up one way or the other. But some of the Republican rhetoric, it says in David Broder's column, condemning the bill, has been "even more exaggerated," "even more exaggerated than Democratic description of its benefits."

So, I am glad that David Broder's article is in the RECORD and we will be able to read it in total.

My colleague stated there is no correlation between registration and voter turnout. For most States it is a 1-to-1 correlation.

If the citizen is not registered, he cannot vote. That is it. The bill makes registration easier so the citizen can vote if he chooses to vote.

I do not know, and nobody can tell me, how many people on November 3, 1992, were eager to vote and did not go to the polls because he or she was not registered. That is a shame. We ought to make it as convenient as possible.

So the experience of States, now it has been tested, the lack of, probably, cost in this, and the statements of no fraud, the encouragement by secretaries of States—Washington's Secretary of State—the occupant of the chair at this date—makes eloquent statements. In fact, we had a discussion in the Rules Committee with my distinguished colleague. They had a pretty good discussion. I believe the Secretary of State of Washington won that.

But you begin to look at those who have the responsibility—they want it. And we are saying you cannot have it.

So the argument is if they want it, let the State pass it. This makes it uniform, and they see that. Everybody understands it. The costs, mandated costs, are for mailings, and we provide a reduced postal rate. There is nothing about computers in here. We do not recommend computers, or mandate computers.

Let us get away from the notion that we are browbeating people to vote, get away from the notion we ought to maybe penalize people, fine them for not going to the polls. Our penalty is before they register. They have to go over the barriers and through the hoops and everything to get registered. And we have our penalty to prevent them from registering rather than encourage them to vote.

So I yield the floor.

The PRESIDING OFFICER. The Chair recognizes the Senator from Kentucky.

Mr. MCCONNELL. My colleague knows I was not advocating going to fines and penalties. I was pointing out that is the only way you were guaranteed higher turnout, and I cited the countries that have chosen to do that as an example of something we certainly should not do. I do not advocate that in any way, shape, or form. As a matter of fact, it is this Senator from Kentucky who feels the people have a perfect right not to participate if they do not want to. And throwing huge numbers of people all into the rolls will not guarantee higher participation.

The California correspondence that was referred to—of course, California has the option. I see one of the Senators from California here now. California has the option to go to motor-voter today if they choose to. Presumably, that is a decision they could make at any moment if they felt it was the smart thing for them to do.

With regard to the unfunded mandate issue, which is really the crux of the argument, of those of us on this side, I would like to make reference to correspondence by the former Governor of Arkansas, of June 7, 1970. In referring to the issue of Federal mandates—that is, we decide for the States what is best for them and they get to pay for it—the Governor of Arkansas said:

States do not have the luxury of operating a budget deficit. Every mandated dollar that we spend is a real dollar that has to be taken from another program. As Governors, we have to make very difficult choices in a wide array of health and human service initiatives. We have found ourselves cutting back on important educational initiatives, choosing charity hospitals, unable to fund increases in cash assistance levels, and slashing a variety of important State programs that provide health and support services to our low-income citizens.

That was a letter to the members of the House Energy and Commerce Committee, the National Governors Association, signed by among others, President Clinton.

Also I have a letter I would like to—that covers it. That is a direct quote from President Clinton.

Also, correspondence from the National Association of Counties which I will ask to have printed in a moment. But reading pertinent parts—this is from Larry Naake, the executive director of the National Association of Counties.

He states:

Los Angeles County estimates the bill will cost the county an additional $5.5 million and the State of California estimates it will cost the state an additional $26 million.

It could be, as my friend and colleague from Kentucky mentioned, I do not question the accuracy of the letter—he read it—that there are some people in California who think this bill is a good idea. But it seems to me those in California charged with the fiscal integrity of the State, who had the option, right now, to make this decision, may be taking into account the cost of doing it.

This National Association of Counties official—again, I am not an expert on California. I visit there occasionally but I am just relating to my colleagues what apparently some people in California feel the cost of this mandate would be, $5.5 million to Los Angeles County, and $26 million statewide.

Then the NACo executive director goes on and makes the other argument, which affects everybody who does not have motor-voter, which is the question of unfunded Federal mandates on States and local governments.

So, Mr. President, I ask unanimous consent that letter be printed in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

NATIONAL ASSOCIATION OF COUNTIES,
Washington, DC, February 17, 1993.

Hon. MITCH MCCONNELL,
U.S. Senate,
Washington, DC.

DEAR SENATOR MCCONNELL: On Thursday, February 18, the Senate Rules and Administration Committee is scheduled to mark up the National Voter Registration Act, H.R. 2. While we support the concept of removing barriers and expanding access to voter registration, we do have some concerns about the bill. Our primary concern is the bill will impose another unfunded mandate on state

and local governments at a time when they are struggling to meet existing financial obligations. Los Angles County estimates the bill will cost the county an additional $5.5 million and the state of California estimates it will cost the state an additional $26 million. We strongly urge your support for an amendment that would authorize full federal funding to states and localities to carry out the new requirements.

As you well know, federal assistance to states and localities has declined drastically since 1981. During the same period, the number of unfunded federal mandates on state and local governments has increased significantly. Each time a new federal mandate is enacted, state and local officials are forced to make the tough decisions on raising taxes and cutting existing services to pay for the new mandate. Needless to say, these tough decisions have caused many of them their jobs.

As you consider, H.R. 2 and other mandates on state and local governments, we would merely urge you to ensure, at the very least, that full funding is provided to states and localities to implement new initiatives. Thank you for your consideration and please feel free to contact Larry Jones of my staff if you have any questions.

Sincerely,

LARRY E. NAAKE,
Executive Director.

Mr. MCCONNELL. Also, we have heard from some Kentucky officials on this issue. I have a letter dated January 28, 1993, this year, from the Department of Employment Services in Kentucky. The letter says in pertinent part:

However, the Department for Employment Services is very concerned with the availability of funds necessary to ensure maximum participation by my department.

Further in the letter, Margaret Whittet says, "We have reviewed this legislation in detail and have concluded that it does not provide"—does not provide—"for additional funds to carry out these added responsibilities."

My question of my colleague—he is no longer on the floor but I am sure he will be returning. My colleague has argued I think, and I do not want to misrepresent his position, that the cost of this mandate is really quite minimal.

My thought is, if the cost is quite minimal, then why do we not pay for it? We are passing other legislation around here without paying for it. Yesterday, we extended unemployment compensation benefits, something I am in favor of. I voted for an amendment to pay for it rather than to charge it to our grandchildren. It seems to me somewhere in this $1.4 trillion budget we could find, if the cost is a pittance, the money to provide for this mandate.

Madam President, I yield the floor.

Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mrs. BOXER. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mrs. BOXER. Madam President, my good friend from Kentucky raised the issue of California and cited some elected officials who did not believe it was a good idea to pass the motor-voter bill because of its cost. I think we really need to look at this issue squarely. We know that when you hold elections, it costs money. Does that mean that we should become a nondemocracy, a dictatorship because we would save money?

The fact is this is a government of, by, and for the people. We in the U.S. Senate should be working with our colleagues in the House and with the President of the United States to make sure that each and every American finds it very easy to register to vote.

One of the things that worried me very much during the last election was the fact that we did not have as large a turnout as we should have had. Even with all the hoopla surrounding the election and the fact we had more interest than ever before, we still had far too many people who were not even registered to vote.

I would like to read into the RECORD a letter from the Secretary of State from California, March Fong Eu, one of the most popular elected officials in California. We will see as we listen to these words why she thinks it is a good idea to pass this legislation.

She says:

I am writing as California's Chief Elections Officer. As you know, I am an early and enthusiastic supporter of the National Voter Registration Act of 1993. The adoption of such a program is long overdue.

At the November 1992 Presidential election, we estimate that there were some 20 million citizens eligible to register and vote in California. Tragically, only 72 percent of them were actually registered to vote.

She says:

The fact that over 5.7 million eligible Californians were not even registered to vote is an embarrassment. What is even more shameful is the fact that many of them would have voted had they been registered. Their inability to vote left them embittered and frustrated and denied the democratic process essential input from its citizens.

She said:

The adoption of H.R. 2 or S. 460 would go a long way toward reconnecting citizens to their Government.

She talks about California's successful experience with registration by mail. But she says it is only a partial solution. She says:

Motor-voter and active agency-based registration are essential if we are going to get the job done. We estimate that motor-voter and agency-based registration would ultimately add over 2 million additional registrants to our files.

I ask unanimous consent to print this letter in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

OFFICE OF THE SECRETARY OF STATE,
Sacramento, CA, March 1, 1993.

Hon. WENDELL H. FORD,
Chair, Senate Committee on Rules and Administration, Russell Senate Office Building, Washington, DC.

DEAR SENATOR FORD: I am writing as California's Chief Elections Officer. As you know, I am an early and enthusiastic and supporter of the "National Voter Registration Act of 1993". The adoption of such a program is long overdue.

At the November 1992 Presidential Election, we estimate that there were some 20,863,687 citizens eligible to register and vote in California. Tragically, only 15,101,473 or 72.38% of the eligible citizens were actually registered to vote and even this figure overstates the case given a significant amount of "deadwood" in our files. The fact that over 5.7 million eligible Californians were not even registered to vote is an embarrassment. What is even more shameful is the fact that many of them would have voted had they been registered. Their inability to vote left them embittered and frustrated and denied the democratic process essential input from its citizens.

The adoption of H.R. 2 or S. 460 would go a long way toward reconnecting citizens to their government. California's successful experience with registration-by-mail, which I sponsored and implemented in 1976, indicates the importance of this method of registering voters. However, it is only a partial solution. Motor-voter and active agency-based registration are essential if we're going to get the job done. We estimate that motor-voters and agency-based registration would ultimately add over two million additional registrants to our files.

I understand that it has been alleged that adoption of the "motor voter" and other components of the bill would increase the likelihood that noncitizens are registered to vote. I would certainly be among the first to oppose any procedure that would have that impact. I firmly believe that only citizens should have the right to vote and that all appropriate steps should be taken to ensure that noncitizens are not intentionally or inadvertently registered.

My office has reviewed H.R. 2 and S. 460 with attention to the issue of noncitizens registering to vote. After this review, we have concluded that these bills will make it less rather than more likely that noncitizens will be registered in California. Currently, with California's registration-by-mail system, we have been very vigilant in guarding against noncitizen registrations. We do not believe there is any problem in this regard. However, with the adoption of H.R. 2 or S. 460, the "motor voter" and "agency based" registration procedures will become the primary registration methods. "Motor voter" and "agency-based" registration provide additional opportunities to screen for applicant eligibility. With proper staff training and supervision and with appropriate form design, we believe that any risk of noncitizens being registered to vote in California will be reduced by the adoption of the "National Voter Registration Act of 1993."

I again wish to indicate my support for this important measure. Should you staff have questions in this regard, please contact my chief deputy, Tony Miller (fax 916-324-4573).

Sincerely,

MARCH FONG EU.

Mrs. BOXER. Madam President, I will just conclude by saying that, if there is one thing we need to be sure

we do, it is expand our democracy. I do not know how these people are going to vote. Are they going to vote Republican? Democratic? Are they going to register Independent? That is not the point. We have to take politics out of this, Madam President. But what we need to make sure is that our young people get connected to the process, that people of all ages find it easy to register to vote. And then it is up to us by the quality and caliber of our candidates, by our stands on the issues, by doing the kinds of things that our President does so well, reaching out to voters to make sure they feel connected and they go to the polls. But let us not make it so hard for them to register; it is too difficult today. The example of California should not be used to dissuade my colleagues from voting for this bill. It should be used to encourage them because our secretary of state, who holds the solemn responsibility to make sure that the most people register to vote, has come out in favor of motor-voter. She is one of the most popular elected officials in the State, and has been elected a number of times. I commend this letter to all of my colleagues.

I yield the floor.

Mr. MCCONNELL addressed the Chair.

The PRESIDING OFFICER. The Senator from Kentucky.

Mr. MCCONNELL. Madam President, I will just say to my friend from California, the Congressional Budget Office estimate of cost to the States of implementing this is $100 million. Before Senator BOXER leaves the floor, I just want to ask her one question. Given the apparent cost of this to California—I really do not want to dabble in California politics here. I do not know what all is going on out there, other than I know you have had severe financial problems at the State level, and I have a letter from the National Association of Counties estimating it could cost California $26 million to adopt this system. I do not know whether that is accurate or not. My only question really of my friend from California is whether she would support an amendment that we pay for this mandate. Would that have some appeal?

Mrs. BOXER. Madam President, let me just say to my good friend and colleague, the Senator from Kentucky, that the letter from my secretary of state does not even request that. We understand that we could save a lot of money if we did not hold elections. Just say no more, it is too expensive.

The fact is I come from local government, as does my friend, and I do not like mandates, but what I want to say is this: This is about democracy. This is about voter registration, and we all have to share the burden at all levels of government. I believe that this legislation should stand on its merits. I also take issue with the estimates that my friend the Senator has put on the table from CBO.

There is some confusion as to cost. Again, I will say my very own secretary of state is silent on that issue and wants us to pass this legislation as it is. We have many ways that we can help local government and State government. But I think when we talk about ensuring that everyone participates in the process, that should stand alone. That is why I strongly support this legislation.

I yield to the Senator.

Mr. MCCONNELL. Madam President, the secretary of state may have been silent on the issue of paying for it, but I have a letter from the Director of Employment and Development Department which is an agency of the California government that apparently has some concern about having to pay for it. The secretary of state obviously is for it, but I suspect the secretary of state in California does not have to deal with the issue of paying for it. Secretaries of state in most States are involved in registering people to vote and are typically enthusiastic about things that enhance their responsibilities that they do not have to pay for.

But I have a letter from a man named Thomas Nagle, who is director of the Employment and Development Department, an agency of the government of California, which presumably would have some concern about actually paying the tab.

Mr. Nagle says in part: "This unfunded requirement," referring to the motor-voter bill, "would create significant financial and administrative difficulties which would negatively impact the Employment Development Department's primary mission of serving California workers and employers."

He states the opposition of that department of California government to this bill. Obviously, some people in California are for it, some people in California are against it.

The only point I was trying to make in bringing up California is we all know California has had severe financial problems. It has been front page news not just in California but across the country. I brought it up in the context of whether or not we, at this level, a government that has the ability to go into debt unlike all State governments which must pay as you go, should be telling States like California this is the kind of system you are going to have and, by the way, you get to pay for it.

With regard to cost estimates, if the CBO estimate of $100 million cost to the States over 5 years is too high, great. The lesser the cost estimate, it seems to me, the stronger the argument that we ought to pay for it rather than just passing another unfunded mandate. I read the earlier letter from President Clinton when he was Governor as to his feeling about that.

I was just handed the CBO estimate. But even if the CBO estimate is wrong and it is too high, if it is lower, it seems to me that only strengthens the argument that we ought to pick up the tab rather than sending another unfunded mandate down to State governments.

Madam President, I yield the floor.

Mr. SIMON. Madam President, I am filling in very briefly for Senator FORD, who is handling this measure, but I thought I might just say a word or two about the motor-voter bill.

The whole theory of our form of government is based on participation. If we do not participate in creating the kind of government that we should have, then the whole theory breaks down.

What we have here is something that encourages participation. It is very basic. It seems to me it is so basic that we should not have to debate it, and we should be able to go ahead very quickly. It is a little bit like helping education and other things. We have to be informed. We have to participate. Anything that is going to help those things ultimately helps this Nation.

I recognize we are going to probably have a motion on cloture. The rumors I hear, and I do not know whether they are true—I assume my friends on the other side may have something to say about this—the rumors I hear are that we may not get 60 votes for cloture, at least the first time.

I hope some of my colleagues would reconsider on that and look at something that is very basic. We can differ on health care and we can differ on a lot of other things which I think are important and the Senator from Washington thinks are important. But participation in the process, we really should not disagree on that. That is fundamental. We ought to be there. We ought to be encouraging that.

Madam President, I question the presence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. PRYOR. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PRYOR. Madam President, I ask unanimous consent that I may speak as in morning business not to exceed 10 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE FREE CONGRESS FOUNDATION

Mr. PRYOR. I want, for a moment or two this afternoon, to focus the attention of the Senate on an organization known as the Free Congress Foundation.

This organization is, in fact, a very prominent, conservative think tank. It prides itself in attacking, as its annual report says, "pork barrel spending, unethical personal conduct and the inability or refusal of Congress to respond to popular demands for accountable and frugal government."

Madam President, those are words taken from the annual report of the Free Congress Foundation. Mr. Paul M. Weyrich is the president of this foundation, as we can see from this very slick publication.

Those are noble goals expressed by the Free Congress Foundation and, normally, I say this is good government, and it is certainly good for organizations from all across the political spectrum to shine their spotlights on Capitol Hill with as much intensity as possible. However, I have recently become aware of a couple of matters regarding the Free Congress Foundation, which I think merit holding up to the light.

The first matter concerns pork barrel spending. The Free Congress Foundation publishes a periodical known as "Spotlight on Congress," which focuses on congressional spending practices, and as the foundation's annual report puts it, "spending menus heavily laden with pork." This is one of the publications put out by the Free Congress Foundation.

Imagine my surprise, then, when I learned that the Free Congress Foundation has received nearly a half million dollars in discretionary grants from the Federal Transportation Department over the last few years to print another publication, a magazine on electric railroads. Madam President, here is the "New Electric Railway Journal." This journal, a foundation product, Madam President, was printed and published at taxpayer expense.

On top of that, they receive an additional subsidy when they use their nonprofit mailing permit to mail these magazines to their subscribers at a greatly reduced postage rate.

There are magazines in the private sector today which compete with this particular magazine, the "New Electric Railway Journal," and these free market competitors do not receive a half million dollars in Federal subsidy, nor do they receive the benefit of a nonprofit mailing permit.

To make matters even worse, representatives of the Free Congress Foundation told my staff as recently as last week that the Federal grants they receive are first in effect laundered—laundered—through George Mason University because, as they put it, foundation bylaws prohibit them from receiving Federal funds.

Madam President, most of the foundations that I have any knowledge of are foundations that sometime give money to colleges and universities. It is very strange indeed that, in this instance, the college or university, George Mason University, is in fact giving money away to a foundation.

Mr question then is this: Is this not the very pork that this Free Congress Foundation has been complaining of? And if it is, where does the Free Congress Foundation get off by complaining about pork, when they themselves have had their hand in the money sack?

The second matter that concerns me, Madam President, has to do with recent allegations that just surfaced this morning. I would like to pay a special compliment to "Roll Call," the newspaper of Capitol Hill, dated Thursday, March 4, 1993, for a very good piece of investigative journalism and I would like to read this second paragraph in this article, Madam President. This is written by Glenn R. Simpson who is associated with "Roll Call," and let me, if I might, read the second paragraph:

> The allegations, which were raised with the committee by the Free Congress Foundation, are unsubstantiated and are being promoted by conservative activists in Florida whose credibility has been questioned, but the Judiciary Committee directed the FBI to investigate them.

These are allegations against Janet Reno. Janet Reno, as we know, Madam President, is the nominee to become our next Attorney General of the United States.

Madam President, The Free Congress Foundation which now appears to be gearing up to go after Ms. Reno is the same Free Congress Foundation which has had its hand in the till getting a half million dollars to publish their own railway journal, while they rail about what others get. It appears now that they are getting ready to step up the tempo and go after this particular nominee, Ms. Reno.

Madam President, the Free Congress Foundation has been certified as a 501(c)3 organization since 1977. What this means, simply, is that this organization has been granted an exemption from paying Federal taxes as long as it agrees to abide by certain conditions. One of those conditions is that there are very narrow restrictions on its lobbying activities.

Since that is the case, what is the Free Congress Foundation doing raising unsubstantiated allegations with the Senate Judiciary Committee concerning a Presidential nominee? Is this a violation of their 501(c)3 status?

Madam President, I hope to get some answers to these questions. I am now asking Transportation Secretary Pena to review the past discretionary grants that have been used to fund this "New Electric Railway Journal" and to determine whether or not this is a proper use of the funds we appropriate for transportation projects. I do not believe that it is proper.

I also hope that, Madam President, in the course of its regular reviews of 501(c)3 organizations, the Treasury Department will make sure that the Free Congress Foundation is not involved in activities which violate the conditions of its tax-exempt status.

Madam President, the Free Congress Foundation appears quite willing to take taxpayer dollars without being held to answer, as the foundation puts it, "to the popular demands for accountable and frugal government."

These matters are not just about pork; they are about hypocrisy. The next time the folks from the Free Congress Foundation want to talk about pork barrel spending or unethical conduct, they would be well advised to take their spotlight over to a mirror and take a look at themselves.

In closing, Madam President, when it comes to pork, I would simply remind the Free Congress Foundation of something of the old adage we all learned when we were young: "Don't talk with your mouth full."

Madam President, I thank the Chair for recognizing me. I yield the floor.

The PRESIDING OFFICER. The Chair recognizes the Senator from Kansas.

Mrs. KASSEBAUM. Madam President, I ask to speak as if in morning business for 2 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMENDING ROBERT OAKLEY, UNITED STATES SPECIAL ENVOY TO SOMALIA

Mrs. KASSEBAUM. Madam President, yesterday Ambassador Robert Oakley completed his mission as United States Special Envoy to Somalia. I rise today to congratulate Ambassador Oakley for a job well done.

When the United States undertook the difficult and risky mission of sending military troops in Somalia, President Bush called on Ambassador Oakley, a former United States diplomat in Mogadishu, to lead the United States effort there.

Almost immediately, he went to Somalia to lay the groundwork for the United States troops. In advance of American forces, Oakley and his small team traveled courageously, to town after town, to prepare the way for U.S troops. He talked to relief organizations, met with the warlords, and discussed the operation with local Somali groups. No doubt the success of the U.S. military intervention—with very minimal casualties—is largely due to the efforts of Ambassador Oakley.

After the initial deployment phase, Ambassador Oakley has worked tirelessly to promote political dialog. He has spoken openly and firmly about the needs of the Somali people. He has consulted closely with local Somali institutions, such as the elders, intellectuals, and student groups.

Madam President, the United States operation in Somalia has clearly suc-

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ceeded. The goal of the American-led operation was to open relief corridors, and now food gets to those in need. Malnutrition rates have dropped dramatically. Feeding centers are being turned into schools. A local police force has been created. Dramatic progress has been made.

Nevertheless, much remains to be done. In the coming months, the United Nations will undertake the difficult tasks of forging a political reconciliation and rehabilitating the country—while at the same time maintaining security. Even as the United Nations takes over, I strongly believe the United States must stay engaged in Somalia, fully supporting the U.N. operation.

Madam President, I strongly commend Ambassador Oakley. The United States was well-served in Somalia by a committed and outstanding diplomat. Under very difficult circumstance, he did a superb job.

I yield the floor.

NATIONAL VOTER REGISTRATION ACT OF 1993

MOTION TO PROCEED

The Senate continued to consider the motion to proceed.

The PRESIDING OFFICER (Mr. FEINGOLD). The Chair recognizes the Senator from Oregon.

Mr. HATFIELD. Mr. President, I join my colleague from Kentucky, Senator FORD, in urging my colleagues to support cloture on the motion to proceed to the National Voter Registration Act of 1993, commonly referred to as the motor-voter bill. It is the same bill which both Houses of the Congress passed last year, and its mission, which is simply stated—to increase voter participation—remains the same.

Just weeks ago, the House passed the bill once again, and it is now the Senate's responsibility, or opportunity, to send the National Voter Registration Act to the President for this signature.

The National Voter Registration Act is straightforward and fair. The bill simply broadens the means by which Americans may register to vote. Motor-voter provides individuals the option of registering to vote when applying for a driver's license, by mailing in a uniform application, or by registering in person by various Federal and State locations.

The bill comes before us at a time when people across the country are calling for electoral reforms. Hundreds of people in my home State of Oregon have urged me to support campaign finance reform when the Senate considers it this spring. I intend to do so. But overhauling our electoral system, we must first address the most fundamental feature of the voting process and that is registering, registering to vote.

Mr. President, I am well aware that I stand alone today as the only Republican sponsor of this measure. I do so because I believe that access to the electoral process is not a partisan issue.

For the life of me, I cannot understand why some sentiment prevails on my side of the aisle that somehow this is a measure that will benefit Democrats and not benefit Republicans. I would only indicate that our State of Oregon has had motor-voter registration.

I am a Republican. My colleague, Senator PACKWOOD, is a Republican. And we were elected by a State that has a very active inordinate margin, unfortunate margin favoring the Democratic Party. Nevertheless, we stand here today as two Republicans elected by a constituency that favors the Democrats. But at the same time, Mr. President, the Republicans of our State control the House of Representatives of the State legislature and they made a gain in this last election. In a landslide election for President Clinton, we made a gain in the State Senate from 20 Democrats and 10 Republicans to 14 Republicans and 16 Democrats. With the swing vote of one Democrat we will have a tie Senate, for all practical purposes.

What I am saying, simply, is that we have proven the case in our State that Republicans can be elected and are not put at a handicap because of motor-voter registration.

One of the strongest advocates of motor-voter registration is the Republican secretary of state of the State of Washington, Mr. Ralph Monroe, who came back here and testified before our Rules Committee in support of motor-voter.

I still feel that most elections are local and that the people of my State are most willing to consider the person not because he has, or she has, a D or an R behind their name, but their qualifications.

I am proud to say that the Democratic incumbent Congressman who was my opponent, or I was his opponent, for the U.S. Senate in 1966 was the honorary chairman of my reelection campaign in 1990.

I am proud to say that in my State one of the most distinguished Congresswomen to ever serve from the State of Oregon, Congresswoman Edith Green, was also the chairperson of my reelection campaign in 1984.

Whether our politics are a little different than other States, I do not know, except to say that the people make judgments on the candidates, on their positions, on the issues, and on their platforms, and the D and the R designation has lesser significance in my State.

And so this kind of a motor-voter registration is not going to favor one political party over another political party, from our experience.

I think, as public servants, we do want every person in America who is eligible to register and ultimately to vote. The largest single reason given in this country for not voting is not being registered. We cannot overlook this unfortunate reality.

Mr. President, voter registration should transcend State lines. As the key to our democracy, registering to vote is an opportunity for every citizen, a fundamental right. By the consideration of S. 460 today, we strengthen that message to all Americans, not just those who can overcome the patchwork of registration procedures in place in our States across the country.

The bill does address the inconsistency of voter registration practices in the United States as they affect the election of Federal officials. At the same time, the bill protects the rights of eligible voters by ensuring that only those who are eligible to vote will vote.

I urge my colleagues to, again, not view the first form of this bill that was introduced but the amended form in which we tightened it down to a very, very significant level of protection and the validity of each person's vote, so that we could certainly not expect to have any kind of fraud.

The purpose of the registration process is to protect the value and integrity of all the votes cast. That is our commitment. It is not to keep any element of society from exercising their right to vote; and the registration process is not to make people prove they have a right to vote.

Voter registration protects the integrity of our much valued right to participate in the process of democracy.

I know that people of my generation, and older people in general, certainly have points of reference of history, sometimes to our advantage and sometimes to our handicap.

I have to say that I was very much aware in my student years of the inability of many people in our country to vote; the inability because of such things as poll taxes, and other kinds of encumbrances that were placed before the people and their right to be a voter.

In those days, we used to say, how in the world could large segments of our country deny the citizens of their States the kind of simple participation in the election procedure as voting, and yet they did.

We sort of take it for granted today, that because we do not have those excessive encumbrances that were called poll taxes and other things, exercised particularly in the Southern States, that everybody now has the same privilege and the right in the process and the process is equal in all cases.

Mr. President, there is today the equivalent of those kinds of encumbrances that are placed upon the voters as to their ability to access the registration process. This bill attempts, again, to bring that to a level playing field across our country on a national basis.

I urge my colleagues to give careful consideration to this bill and to support cloture on the motion to proceed to S. 460.

I thank my colleague from Kentucky again for his excellent leadership on this bill. And, even though, as I say, I stand alone on this side of the aisle, I am proud to do so.

I thank the Chair.

Mr. FORD addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Kentucky.

Mr. FORD. Mr. President, let me thank my distinguished friend from Oregon, a member of the Rules Committee, and one who has always attempted to support his constituents.

I appreciate the kind words he had to say about me. I, too, wish that some on his side would join us—and hopefully they will—in voting for cloture and in passing this legislaion.

I am convinced, also, as he is, that this is not a Democrat or Republican piece of legislation; that it is an American piece of legislation, one that will benefit all of our constituents and not put a penalty on registering but encourage them to come to register.

So I thank my friend, and look forward to working with him after we pass this legislation to be sure it is implemented in a proper way.

Mr. HATFIELD. I thank the Senator.

Mr. FORD. Mr. President, if no other Senator wishes to speak, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KOHL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KOHL. Mr. President, I ask unanimous consent that I be allowed to speak as in morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KOHL. I thank the Chair.

(The remarks of Mr. KOHL pertaining to the introduction of S. 504 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

Mr. KOHL. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MCCONNELL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MCCONNELL. Mr. President, I ask unanimous consent to proceed as if in morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The remarks of Mr. MCCONNELL pertaining to the introduction of S. 505 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

Mr. RIEGLE addressed the Chair.

The PRESIDING OFFICER. The Senator from Michigan.

Mr. RIEGLE. I thank the Chair.

Mr. President, let me inquire. May I speak now as if in morning business, or must I pose a special request for that?

The PRESIDING OFFICER. The Senator can speak without restriction at this time.

THE HEALTH CARE CRISIS

Mr. RIEGLE. I thank the Chair.

Mr. President, I rise today to continue my effort to put an individual human face on the health care crisis that is confronting America. In Michigan, in a city named Wyandotte, there is a man named Brian Austin, who has learned first hand how high health care costs can be financially devastating. He wrote to me last December asking for help in his efforts to pay for an outstanding hospital bill. Before getting into history, let me say that Brian is one of a growing group of workers in this country who want to work full time but cannot find full-time work and therefore must settle for part-time work. One of the consequences that they often encounter is that part-time jobs almost never provide health care benefits.

Back in 1991, Brian, who was then 36 years old, was a part-time janitor with the Wyandotte school system. Because he worked part time, he was ineligible for health care benefits through the school system. Brian had looked into purchasing individual coverage back at that time, but he was unable to afford the premium cost of $125 a month out of his part-time earnings.

In December 1991, Brian became seriously ill with pneumonia and was admitted into Wyandotte General Hospital for 3 weeks. The cost of Brian's 3-week stay in the hospital totaled over $21,600, and, in addition to that, there were bills from his physician totaling just about $2,000.

Brian applied for Medicaid while he was in the hospital. As a single male who is not disabled, he did not meet the strict eligibility categories under Medicaid. Brian was determined to return to work as soon as possible and did so just 1 week after leaving the hospital. He has slowly been able to pay his physician charges, and he has now paid approximately $500 of the hospital bill, but that still means that he has $21,000 of the hospital bill that is still unpaid and outstanding.

The $21,000 unpaid hospital bill was eventually sent to a collection agency for payment. Brian, of course, is frustrated because he just does not have the money to pay the bill, and he therefore has to think seriously about filing for personal bankruptcy. Brian has been sending small payments of about $50 a month when he can afford to do so to the hospital, but the bill is so enormous that it seems impossible that he is going to be able to pay it off.

He has looked into working out a payment plan with the hospital, but the monthly payments required were $300 a month, which he just literally cannot afford. It is fair to say that the expense of Brian's hospital stay may change his life forever. His credit record has been damaged because of his inability to pay the hospital bill. If he does file for personal bankruptcy, he will face a future with a scarred financial record.

Brian is thankful to have his job and apartment, but he realizes that he will never really have or cannot really plausibly expect to have the $21,000 to pay off this outstanding hospital bill.

There is some good news in history. In August of last year Brian became a full-time employee with the Wyandotte schools and therefore became eligible for health insurance benefits through the school system. In addition to the premium costs that are paid in part by his employer, Brian pays an additional $125 premium per month and has a $50 deductible per year for major medical coverage through Blue Cross/Blue Shield of Michigan. Now that Brian is able to work full time he has more resources available to cover the cost of health insurance premiums but that does not help him with this problem that already has occurred with respect to the prior hospitalization and the outstanding hospital bills.

Brian is just one example of how unexpected illness can financially devastate an individual who does not have health care coverage. Frankly, anybody in this country at any given moment in his kind of situation without health insurance coverage—there are some 37 to 40 million people in that status—could have this happen to them at any hour of any day without warning.

Now Brian faces longlasting financial consequences because of his outstanding hospital bill. I think that he and every other American deserves to have access to affordable health care without having to resort to bankruptcy should an unexpected illness result in a hospital stay such as he had to deal with.

So, for my part, I am going to continue to do all I can to make sure that Brian and all Americans have access to high-quality, affordable health care.

I will conclude by saying that today at the policy luncheon meeting of the Democratic Senators we had present Judy Feder, Ira Magaziner, two of the staff people working at the direction of President Clinton and First Lady Hillary Rodham Clinton on the health care reform effort. We had a meeting

that lasted probably an hour and a half talking about the various aspects of national health care reform, how to make health care accessible and affordable to everybody in the country.

So I can say in the context of talking about Brian here today that serious work is underway on that issue, literally this very day.

In addition, I was very encouraged by the fact that today the First Lady, Hillary Rodham Clinton, indicated that she will be coming to Michigan to participate in a health care forum on the 22d of this month, which will enable us to gather from around the State of Michigan the people directly involved in these health care issues, both people who have lacked insurance, families that have insurance but where it is too expensive to maintain, or, three, do not get the proper coverage that they need for their families, where health care providers, where businesses are being crushed under the load of health care costs, and labor organizations struggling as well will all have a chance to meet with the First Lady in her capacity of leading the effort on health care reform to share their views, provide their insights, give their suggestions, tell their stories, and have a chance to have direct input into this debate before the proposal is finally developed by the new administration.

My understanding is that the new administration is on target and on track to produce its overall health care reform proposal by the early days of the month of May of this year. And as I have heard the President speak about it, he has expressed an intention to move ahead promptly to get that package before the Congress and enacted this year.

In that regard, I will do everything I possibly can to help get that national health care reform package enacted. I have developed a plan here in the Senate along with Senator MITCHELL, Senator KENNEDY, and Senator ROCKEFELLER, called HealthAmerica, which we have put on the table. That was the result of a series of hearings. I have held 35 hearings in Michigan and Washington on the health care problems over the last several years. I am open to a change in our system and to proposals that will be put forward by the President that would address this question of making sure health care is available to everyone and at costs people can actually afford to pay, based on their personal circumstances.

I appreciate the leadership that the President and First Lady are giving this issue. I think one of the reasons the people of the country voted for change last fall and elected a new President and a new executive branch team was to see this country move ahead on urgent issues like the need for national health care reform. And the fact that we are seeing an aggressive effort in that direction, and leadership from the very top of our Government, I think is a very hopeful and encouraging sign for America.

I think the American people have waited many decades for this kind of effort to be mounted, in terms of a fundamental overhaul in the area of health insurance reform. It is coming, and the sooner the better.

I thank the Chair, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MCCONNELL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

NATIONAL VOTER REGISTRATION ACT OF 1993

MOTION TO PROCEED

The Senate continued with the consideration of the motion to proceed.

Mr. MCCONNELL. Mr. President, since earlier this afternoon, it has come to my attention that there was an additional letter. We were kicking around the California situation and the impact of the motor-voter unfunded mandate on California, which has had so many difficult financial problems. And Senator BOXER, the Senator from California, was quoting a California official who supported the bill. I had quoted some who opposed it. Presumably, those who opposed it were concerned about how to fund it, pay for it, given the fact that California has such devastating financial problems.

It has come to my attention since that time that we also received a letter on some of California's financial problems. So, presumably, this letter would even be more applicable in the wake of what happened in California. The letter from the secretary of state of California, March Fong Eu, dated March 29, 1991, to Senator STEVENS. That was just a couple of years ago. The letter contains suggested amendments to S. 240, which was the motor-voter bill in that Congress, which will facilitate implementation of the bill in California. These suggestions are endorsed by the California secretary of state and the Task Force on the National Voter Registration Act of 1991, and the legislative committee of the County Clerk's Association of California.

Briefly summarized, the California secretary of state said in the letter of March 29, 1991: The suggestions following the two primary categories are, one, money and, two, administration. Secretary of State March Fong Eu said at that time the bill "must"—underlined in her letter—be amended to include an appropriations official to pay for the programs mandated by the bill.

So my suspicion is that both sides could produce letters from various California authorities as to their views on this. The point that this Senator was making, and the reason he singled out California as an example of the kinds of problems this bill could cause, is that there are 30 million people in California. I am told that if California were a country, it would have the 10th largest economy in the world. It has had enormous financial problems, as we have all been made aware through the national news coverage that it has received.

There were at least some California officials who felt that in the wake of their financial situation—this particular letter from the secretary of state at that time predates some of the financial difficulties that California has had—if we were going to pass such a bill, maybe we ought to send along the money to pay for it, because California was operating during part of last year on IOU's. I cite that as an example, even though I know full well we can probably haul out California politicians on both sides of the argument.

Nevertheless, it is indisputable that California has serious financial problems to the point where it is issuing IOU's to pay its workers. And this is a bill that includes an unfunded mandate on States that do not currently have motor-voter, and California is one of them.

So I continue to believe that California is a good example of the kind of onerous mandate this could become. I repeat the suggestion that if in fact the costs of this bill are not very great, then we ought to pay for it. We can find a way to pay for what we think is important around here.

Sometimes we do not bother to pay for things at all. For example, yesterday, we passed an Unemployment Compensation Act, which I would love to have supported, except that it was charged to our grandchildren.

We are asked by the President to pass a stimulus package in the name of stimulating the economy. Yet, he is not suggesting that we pay for it. So I think this is a dangerous trend, Mr. President. I hope that at some point in the course of this debate, we might consider paying for this bill, if we are going to mandate it upon the States.

Mr. President, I yield the floor.

Mr. FORD. Mr. President, let us just take the same individual that my colleague just quoted. The letter is 2 years old, from the same individual, secretary of state of California, March Fong Eu, if I pronounced that right, who writes "as an enthusiastic supporter of S. 460." That letter was put into the RECORD, and it is the same letter.

I suspect that the secretary of state, after having 2 years to study the legislation, looked at this bill and became an enthusiastic supporter. So I would not think that California—even though the secretary of state has not the au-

thority of the Governor—would not want to increase the expenses of the office.

We have heard talk about costs. I have a letter from the secretary of state of Texas. "We are writing today to express our support for the National Voter Registration Act, and to summarize the progress we are making with our own motor-voter program.

The Texas Motor Voter program was signed into law on August 26, 1991 and implementation began September 1, 1992.

The state legislature made no appropriation and so the entire program was designed and implemented absent any new expenditures.

Within the first 5 months of program operation, we estimate that 48,511 Texas citizens completed voter registration applications through our Motor Voter Program.

We in Texas are proud to be in the forefront of the Motor Voter strategy. Texas was first with registration-by-mail which began in 1966.

Again, we offer our full support for the National Voter Registration Act of 1993.

Signed John Hannah, Texas secretary of state, and Senator Rodney Ellis, the proposer of that legislation.

So, Mr. President, all these unfunded mandates begin I think to pale a little bit when you begin to look at the recent facts where Texas began theirs with no additional funding and it is going smoothly. The California secretary of state now says she is fully in support of motor-voter, and it just defies me why anyone would want to object to the process of making it easier for an individual to become a registered voter in this country.

We have made these speeches before. I think most people have heard them. We understand what the vote will be tomorrow, and then I think I know what the vote will be next Tuesday.

So, I understand why not too many of our colleagues are around here voicing their position as it relates to pros and cons.

I think Senator HATFIELD made an excellent speech in support of this legislation. He is one of the most senior Members on the other side of the aisle, and he cannot understand why his side is so vehemently opposed to this legislation.

Mr. President, we will continue to debate the issue, and I am very pleased now to turn over the management of the bill to the distinguished Senator from Minnesota [Mr. WELLSTONE].

Mr. SARBANES. I rise to indicate my strong support for the National Voter Registration Act of 1993, also known as the motor-voter bill.

In my view it is essential that we establish uniform national voter registration procedures to allow greater opportunities for all eligible citizens to participate in the electoral process. The decline in voter participation in national elections in recent decades is a significant cause for alarm. Only about half the voting age population went to the polls in the 1988 election. The turnout improved during the recent Presidential election, however voter participation remains low in this country compared to other advanced democratic countries. According to the Congressional Research Service, only 61 percent of those eligible to vote are registered; and the Bureau of the Census tells us that voter turnout of registered voters in Presidential elections typically exceeds 85 percent. Obviously, there are many reasons why people do not vote; but, as these figures indicate, the major reason citizens do not participate in elections is because they are not registered.

The bill before the Senate would address this problem by requiring States to allow citizens to register to vote in person, by mail, when applying for drivers licenses, or when they visit various Federal and State offices. This legislation is virtually identical to legislation that passed the Senate during the 102d Congress on May 20, 1992, by a vote of 61 to 38. Unfortunately, that bill was vetoed by then-President Bush; and the Senate was unable to override his veto. In contrast, this year, we are fortunate to have a new President who has indicated that he will sign the motor-voter bill. Legislation was introduced in the House and the Senate during the first week of the 103d Congress, and I am pleased that legislative action on this important measure is well underway. The House passed identical legislation on February 4, 1993, by a vote of 259 to 160. In the Senate, the Rules Committee has taken prompt action to report the bill; and we now have an opportunity to clear this measure for President Clinton's signature.

Some critics of this legislation have charged that by making voter registration easier, there may be increased opportunities for fraud. As a Senator from a State that has used mail registration for many years, I do not believe those criticisms are valid. All three methods for registration established by the legislation—by mail, as part of drivers license renewal, and when visiting Government agencies—are well tested and successful methods for registering voters. Twenty-seven States currently use some form of voter registration by mail, more than 20 States provide for registration as part of the drivers license renewal process, and over a dozen States have successfully established agency voter registration in schools, libraries, and other State agency locations. Experience in these States has shown that these methods work by providing greater opportunities for voter registration without significant risk of fraud. In addition, the bill includes important additional safeguards to prevent fraud. The mail registration form will include a mandatory statement of eligibility to vote, an attestation that the applicant meets each requirement of eligibility to vote, and the signature of the applicant under penalty of perjury. There are also provisions that would impose stiff penalties for fraud.

Concerns have also been raised about potential additional costs for State and local governments to implement this legislation. I would simply note that any increased costs for a State to comply with the uniform voter registration standards provided by this legislation would be relatively small, particularly in those States that have already taken steps to increase the opportunity for citizens to register to vote. In addition, the legislation provides relief to all States in the form of a postal rate reduction for State and local election officials which will save State and local governments over $4 million per year. There are also expected to be savings from the adoption of uniform registration forms in those States that have not yet adopted uniformity between jurisdictions and because voter registration is now likely to be spread out over the year as people renew drivers licenses. There will be less need to hire additional registrars to handle the higher volume of registration that typically occurs in some States before registration deadlines.

Throughout our history there have been barriers that have prevented significant segments of our population from actively participating in Government by voting. I am proud that we have removed those barriers by adopting constitutional amendments and statutes that now guarantee the right to vote. We have also removed many restrictive practices such as the poll tax, literacy tests, and other devices that have inhibited voting. I consider the legislation before us today another significant step in our effort to provide every opportunity for citizens to vote. A healthy democracy thrives on the active participation of the governed, and I urge my colleagues to vote for this bill.

Mr. BRADLEY. Mr. President, I rise as a cosponsor to support the National Voter Registration Act of 1993.

The political process holds the key to empowerment in this country. Voter registration and active participation remain the critical link. The history of American democracy is a history of broadening the vote: when the Constitution was adopted, the only Americans who had the vote were white males with property. In the 1830's, it was extended to white males without property and in the 1860's to black males. It was not until the 1920's that the franchise was extended to women. In 1965, the Voting Rights Act was passed to protect the right to vote which had been illegally withheld from blacks in the South for generations. In 1971, the right to vote was extended to those 18 years of age or older. This act, the latest attempt at strengthening our democracy, is in the tradition of those farsighted efforts.

Mr. President, we are a representative democary. But if only two-thirds of voting-age Americans are registered, who are we representing? If on any given election day, one-third of our voting-age population could not vote if they wanted to, how healthy is our democracy? If we truly are a government of the people and by the people, shouldn't we aim for 100-percent participation? As lawmakers, it is our duty to do what we can to strengthen our democracy.

Difficulties in voter registration abound, Mr. President. The board of elections in some municipalities select registration deputies and decide when and where registration sites will be located. This can limit access to a wide variety of people. Registrar deputization can be a broad-scale voting impediment. While some boards of election accept most volunteer deputies, others make the process a taxing one by requiring extensive training, swearins, and complicated applications. Depending on the board of election's criteria, this process can be highly subjective.

This country places a premium on mobility as a form of freedom and opportunity. A University of Michigan study shows that one-third of all adults have not lived in the same address for more than 2 years. When people move, voter registration is not placed on the top of their priority list. Often a citizen's name is purged or removed from a voter registration list if he or she has not voted within 4 years. Likewise, some States do not even have mail-in registration. College students whose home State is Florida, for example, cannot mail in their voter registration form. Should going away to college preclude the possibility of having a political voice or casting a vote?

Finally, there exist registration procedures and practices which prevent the poor from voting. Impediments such as opening registration sites only during regular work hours or making registration sites inaccessible by public transportation leave a large segment of our society without representation. Have we forgotten those who earn an hourly wage? Have we forgotten those who do not have access to a car?

The bill addresses some of the problems I just listed and establishes a clear, uniform registration process. Every citizens who renews or changes his address on a drivers license will also have the option of registering to vote. This registers and enfranchises 90 percent of our voting-age population.

This bill also provides for voter registration at other Government agencies, such as welfare, unemployment and vocational rehabilitation offices. For disabled citizens or low-income citizens who are less likely to hold driver's licenses, agency registration is an important vehicle for political empowerment. The bill also provides for mail-in registration which will allow students and other citizens unable to reach a registration site to vote.

The reason why registration is so important, Mr. President, is because people who are registered usually vote. Estimates from last year's election show that more than 85 percent of the registered voters went to the polls. However, despite the fact that this was the highest recorded turnout since 1972, only 55 percent of the American electorate voted. We can increase voter turnout when we increase registration.

Opponents of this base their arguments on three concerns: cost, fraud, and ineffectiveness. The previous administration made these arguments when it vetoed the bill last session.

The Congressional Budget Office has estimated the cost of implementing this legislation at $20 to $25 million nationwide for each of the first 5 years. This is a small sum when compared to the benefit derived from providing citizens with the most basic element of democracy, the ballots.

To address the cries of fraud, we must look and learn from experience. To date, 27 States and the District of Columbia conduct some form of motor-voter registration. Not one has experienced significant fraud. In addition, the bill contains tough antifraud protections which should discourage that activity.

State-enacted motor-voter has proven effective at registering voters, Mr. President, and a national program would be even more effective. Voter registration in motor-voter States increased five times the rate of voter registration in non-motor-voter States, and the States with the most convenient voter registration laws, Maine, Minnesota, Montana, and Wisconsin, recorded the highest voter turnouts in the last election. In my home State of New Jersey, motor-voter registration accounted for 60 percent of all new registrations last year.

Mr. President, it is our duty as lawmakers to respond expeditiously to a system which discourages voters from participating in the democratic process. Through the ballot, an active citizenry can voice change peacefully and not feel that the path of change requires violence. I agree with many of my colleagues that Americans must also be educated on the benefits of democracy. Perhaps if we made election day a national holiday or instituted universal, same-day registration, more Americans would come to appreciate and use the special power they have. But the National Voter Registration Act is a good step in that direction. It promotes empowerment, eliminates obstacles to registration and secures us all the basis for a sustainable democracy.

The PRESIDING OFFICER (Mr. AKAKA). The Senator from Washington is recognized.

Mr. GORTON. Mr. President, is time controlled?

The PRESIDING OFFICER. It is not.

The Senator from Washington is recognized.

BUDGET OFFICE ESTIMATE

Mr. GORTON. Mr. President, late last evening the Congressional Budget Office delivered a brief, six-page analysis of President Clinton's budget proposals to the Budget Committee itself and to a number of other Members. A request for analysis of that budget had been made by Budget Committee members of both parties in both Houses and by a number of other Members.

The impact of that analysis can be described in no term less dramatic than devastating. The bottom line of the analysis from the congressional Budget Office is that there is $107 billion less in deficit reduction in President Clinton's plan than was announced by the President at the time of the submission of the budget as brief and vague and without detail as it is, $107 billion less.

Mr. President, that is for all practical purposes one-quarter of all of the deficit reduction which we were led to understand would result from the adoption of the budget. Equally significant is the fact that this is an analysis of the Congressional Budget Office, our Congressional Budget Office, the office, the single body which first has been most accurate with respect to its analyses of the budget in the past 5 years of any of the various analysts and the agency which the President himself said in the course of his State of the Union Address was the one he would abide by, the one that would come up with the correct figures.

So this $107 billion shortage in deficit reduction is not the proposal or the analysis of this Senator or of the Republican leader or indeed of any Member of the U.S. Senate but of the Congressional Budget Office.

Equally dramatic, Mr. President, is the proposition that the Congressional Budget Office has determined that for every one dollar in spending savings there is $4.81 in new taxes in the budget as proposed by the President. You will remember we began with a goal of $2 in spending reductions for every dollar in tax increases. That drifted down to $1 and then to 70 cents. I believe that the most recent figure used by my distinguished friend, the senior Senator from New Mexico, was $2.50 in tax increases for $1 in spending increases. He was criticized for being unduly pessimistic, and it turns out that he was overly optimistic, that the spending reductions are even smaller.

Mr. President, I note the presence on the floor of the distinguished Senator

from New Mexico, the ranking Republican on the Senate Budget Committee, and I wonder if he would be willing to amplify on the remarks that I have made and to answer the question. First, would the Senator tell me whether or not I am correct. Do we not have a situation here in which budget deficit reduction is now shown by the Congressional Budget Office to be some $107 billion over a 5-year period less than was estimated by President Clinton?

Mr. DOMENICI. The Senator is absolutely correct. And I might state that a little unknown portion of the Congressional Budget Office's attempt to evaluate the administration's proposal thus far is a statement by the Congressional Budget Office that says this blueprint is preliminary, and that word is from their report, because the President will present a formal budget containing detailed and revised budget proposals and updated budget estimates in April. The April budget submission the Congressional Budget Office maintains and I quote "is likely to modify or clarify some of the administration's proposals."

The reason I tell the Senator he is absolutely correct is because I think we might begin to add he is absolutely correct today, because that is all the Congressional Budget Office can assure us of. What it will really be like in 2 or 3 weeks they do not know.

They say we will really know in April, and that raises a very interesting point. Yesterday, the Senator joined me in asking for what we thought was a very reasonable request, where is the budget if we are being asked to vote on a budget resolution? We were denied that after extraordinary efforts here. To even make that simple little request requires 60 votes to pass. But I think the Congressional Budget Office is beginning today to tell us let us get the budget. Then we will be able to tell you everything about it. But for today, and what they can do in evaluating what they have, which is a blueprint—that is their word not mine—is that the President's submission to us is very, very different according to the official referee and official scorekeeper. Official by whose count? I would call the President to be our official one. Is that not the Senator's recollection?

Mr. GORTON. That is the recollection of the Senator from Washington. But he wishes to go ahead as against the decisions which were made about the writing of the budget resolution in the Budget Committee and on the floor yesterday. We are now $107 billion short on deficit reduction. We have a Congressional Budget Office which it said cannot give a definitive analysis of the budget.

Mr. DOMENICI. The Senator is correct.

Mr. GORTON. Yet we are asked in the Budget Committee itself to try to write a budget resolution next week without, if this Senator is correct, having heard from a single witness other than witnesses from the administration on the impact of the budget on the United States. Is that correct?

Mr. DOMENICI. My recollection is that that is true.

I say to fellow Senators, frankly I am not really interested in delaying things, but I have been at this business of being part of writing budget resolutions since we first had one. I was not very far up the ladder when we first started. I was down at the end of the table with Chairman Muskie presiding, but budget resolutions are not trivial documents.

They are not binding in every respect but they are, contrary to what some people think, they are policy instruments. They kind of say, here is the policy changes and you put them into this blueprint.

And my friend is suggesting that yesterday was asked, could we have a budget before we have to produce the resolution. It is too bad that we did not know yesterday what we know today; is that not right

Mr. GORTON. One-hundred and seven billion dollars too bad.

Mr. DOMENICI. I think we could have told the Senate: Do not take my word for it that we do not know what we are doing because we do not have the finality of the best estimates around, take it from the Congressional Budget Office. That, we could have told you yesterday.

But now that brings me to the point of what are we going to know about this program, this plan, this vision next Tuesday when we are asked to produce the congressional budget for the next 5 years? What are we going to know about it?

It seems to me that we are not going to have a single economist testify before the committee—one that is favorable to the President, one that might be favorable to more conservative thinking, one who may be renowned and just be netural—we are not going to hear from any of them.

Mr. GORTON. We are not going to hear from any of them?

Mr. DOMENICI. Not any of them.

I will tell you why. We asked the chairman of the Budget Committee this morning—in an official letter from all Members on our side—could we have that here? The answer is, No. We are going to be asked to vote on a defense number.

Now we had a chance to speak with the President about this at our luncheon on the defense issue, so I am not just raising something here. Nobody knows what is in the $112 billion additional defense cut on top of President's $74 billion. Nobody knows. But we are going to have to vote on that. Is that the right level of defense?

Mr. GORTON. So there is no way for those who may have reservations about the Defense Department of these cuts to say, well, let us reduce those cuts by $20 billion in order to meet certain purposes, because we do not know what the purposes of the cuts are in the first place.

Mr. DOMENICI. That is a very good point.

It may very well be that those of us who think $112 billion sounds very, very large, huge down the track, and probably is going to cost lots and lots of jobs—my guess is 1.5 million civilian and military jobs in the next 4 or 5 years—I do not now if I can offer a better policy. I cannot say, take half of it, instead of all of the President's, because I do not know what the President's means, much less to know what changes I would have in mine mean.

So we probably cannot intelligently construct a defense budget at this point.

Mr. GORTON. As I understand the report of the Congressional Budget Office, there is another, it seems to this Senator, at least, fairly significant question which is out in the air.

I believe the Senator from New Mexico was critical of the original budget submission by the President because it seemed to ignore the Resolution Trust Corporation; that is, the savings of the moneys needed for bankrupt savings and loans, and in some of his remarks, he remarked about that.

Now is it not true that we have a difference of opinion as to whether that huge responsibility of the Federal Government is in the budget at all?

Mr. DOMENICI. Mr. President, from what I understand, yesterday, OMB Director Panetta, for the administration, said he did not think the Resolution Trust Corporation costs—you know there are annual costs in there, I say to my friend from Minnesota—he did not know whether they were in the budget or not.

See, we do not have a budget, so we ought not even be talking about "in the budget or not," but in the numbers or not. He did not think they were. That is a pretty big item, $15 billion, $20 billion or more per year. Today the Congressional Budget Office says they think they are in.

So I just wonder what numbers they are looking at. Since we do not have a budget, it is pretty hard to tell where the numbers are coming from.

Mr. GORTON. In any event, the material that has been submitted to us by the administration makes no reference to the Resolution Trust Corporation.

Mr. DOMENICI. Correct.

Let me go back to that defense one. The Senator asked me about economic evaluations. We have always had economists come and tell us the state of the economy. They came and told us the state of the budget, what we might do if we did better. We do not have any this year.

Frankly, to the extent that we had Cabinet members and the like, really

nobody knew what these numbers meant when they came before us. Most of them said, "I don't know what the savings are because we have to wait for the budget." I think that happened on at least a couple of occasions.

We asked, in the same letter to our friend, the chairman of the Budget Committee, could we have a hearing—we will come any time of the day or night—on the Defense Department. Could you bring over somebody from the Defense Department? Maybe it cannot be the Secretary, but could you bring over somebody who would tell us what is going to happen to the U.S. defense and military, and all these wonderful men and women and their service, and the jobs in our various communities for procurement, so we can kind of get a feel for this?

The answer was rather summary and cursory: There will be no hearings. We will go to markup when we are ready next week.

So that is where we stand. I do think that the Congressional Budget Office is doing their very best with what they have, and they have said we will not really know until April.

I think we ought to urge the President to produce his budget as quickly as possible, perhaps sooner than April. And, as soon as that is done, we can ask the Congressional Budget Office to evaluate it and testify before the committee and then we will mark it up as rapidly as we can.

Mr. GORTON. There is one other feel to which I think the Senator from New Mexico has spoken earlier, which becomes, I understand, more precise in the Congressional Budget Office's analysis, and that is the fact, is it not, that the President's budget could not even be debated on the floor of the U.S. Senate in its original form without getting a waiver of the Budget Act, because it violates the 1990 budget agreement on the total amount of discretionary spending? Am I correct in that assumption?

And by how much does the President's budget, according to the Congressional Budget Office, violate present law, the law for spending cuts which was the price for the tax increases in 1990?

Mr. DOMENICI. The Senator again is absolutely right.

You see, in 1990, when we put a 5-year budget together, there were three or four things that were heralded by everyone as being very salutary, healthy, budget reduction, keep-the-spending-under-control items.

One was that we had agreed on all of the appropriated accounts, domestic and defense. We agreed that, to carry out the policy of that summit, there would be a fixed cap on expenditures in 1991, 1992, and 1993 for all three categories: Defense, foreign aid, and domestic.

For the last 2 years of those 5, 1994 and 1995, domestic would be pooled with defense and there would be one cap. But the catch is a dollar number.

Now, it turns out that the President's first set of numbers, sent to us in response to his vision statement that he presented to all of us and all our people the night of the State of the Union speech, the numbers that came from that would say that if you were to run out and produce the budget resolution to deliver that, it could have come to the floor of the Senate and, if it was introduced, any Senator could stand up and say, "I make a point of order that the budget resolution, as per the request of the President, is out of order, because it breaks those mandatory targets."

In one of those years, it is $9 billion over; in another of those years, it is $14 billion over.

What that means, I say to the Senator, is you have to cut $9 billion more than he proposed to get to the target and $14 billion more to get to the target, that is already the law of the land.

And, interestingly enough, those of us who put that summit agreement together, some of us stood by it, even though it got watered down, and said, it is better than nothing. We voted for taxes to match the spending, to match the spending cuts.

So, in a sense, the Senator from New Mexico has been heard to say, why do we need some more taxes to put up alongside of those cuts which we already agreed to and paid for? And, I would say, paid for rather royally with a large tax, a portion of the tax being that luxury tax, which was a tax on the rich, supposedly. It turned out very much to be a tax on jobs, because it turns out the rich did not get hurt with the luxury tax. Hundreds of people working in shipyards and in manufacturing boats and in maintenance shops are telling us we made a big mistake.

So we have paid rather dearly for those cuts. The Senator is absolutely correct.

Mr. GORTON. This Senator has only one more comment on which he would like the reflections of the Senator from New Mexico, and that is, perversely—particularly if we could have this budget before the Senate must debate a budget resolution—perversely, the plan of the President of the United States to come up with details early in April does give him an opportunity, it seems to this Senator, to make up for this $107 billion shortfall.

The President of the United States emphasized in the strongest possible fashion—and with the greatest public acceptance, it seems to this Senator—his desire to drastically reduce the deficit.

He now finds—and in this case, I do not think either this Senator or the Senator from New Mexico is casting blame or talking deception—but the President of the United States now finds he is $107 billion short of his own deficit reduction goals.

It is certainly the hope of this Senator—and I suspect it is of the Senator from New Mexico—that between now and the time of this budget submission, the President will find $107 billion in real cuts to match what he promised in the State of the Union Address.

My last comment—I hope I am correct in this—is that if he does so, that will much more than double the actual savings which the CBO has found to be in the budget as it exists at the present time.

Am I correct in that assumption?

Mr. DOMENICI. Will my colleague repeat the question?

Mr. GORTON. Mr. President, I just wanted my colleague to repeat whether or not he agrees with me. I am not saying we are casting blame on the President. But between now and the next month, he does have the opportunity to come up with $107 billion in real cuts, and he will have to do that just to stay in place, just to accomplish the goals he set out in his State of the Union Address.

Mr. DOMENICI. Mr. President, the President will have to do that if he wants to rely on the Congressional Budget Office to give his plan the credence it is entitled to, and that it deserves, and that he said it would have, because he said this is all per the Congressional Budget Office. It turns out, when they do their work, it is off by the amount the Senator has said.

While we are on that, I would like to make a point. None of this is intended to say that this was intentional misleading; not at all. It points out that estimating and trying to get things done without having the entire budget in place is very risky. If you are going to rely on the Congressional Budget Office, you had better let them look at a completed document so they can do their work in the excellent manner that they do it, most of the time.

On that score I would like, if my colleague has no objection, to put in the RECORD a copy of the letter sent to Senator SASSER, chairman, asking for at least two hearings, so our fellow Senators will know precisely what we asked for. It is nothing untoward. It is very forthright. Let us hear a defense expert; let us hear an economic evaluation.

Mr. GORTON. I ask unanimous consent that the letter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
COMMITTEE ON THE BUDGET,
Washington, DC, March 4, 1993.

Hon. JIM SASSER,
Committee on the Budget, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: This letter is to request that you schedule two important Committee hearings before we proceed with the Fiscal Year 1994 Concurrent Budget Resolution.

The first hearing we request is an analysis of President Clinton's economic and budget plan. The Committee has historically received testimony from prominent economists on the President's economic and budget plan. Such a hearing has not occurred this year in the Committee. Further the first order of business in considering a budget resolution in the Senate, once reported, is four hours of debate on the economic goals and policies set forth in the resolution.

The importance the President has given to his plan's impact on the economy deserves a full and complete hearing before we proceed with the markup. We request two economists of national renown testify for the Republicans.

We further request that Secretary Aspin and General Powell appear before the Committee to review the President's defense budget plan. We realize that this hearing had been scheduled but due to the Secretary's health was unfortunately canceled. Again, because of the significant reduction in defense spending proposed in the President's plan, it is critical that the Committee have a full and complete hearing regarding its impact on our national security, economic dislocation and job loss.

We Republicans on the Committee will be prepared to participate in these hearings as soon as they can be scheduled.

Sincerely,

Pete V. Domenici, Slade Gorton, Judd Gregg, Don Nickles, Phil Gramm, Kit Bond, Hank Brown, and Chuck Grassley.

Mr. DOMENICI. Mr. President, I will not put the letter in this afternoon that we sent to the President because it should probably be done tomorrow. It is also being sent to Budget Director Panetta and Chairman SASSER, and I am absolutely sure those concerned with budgets of the United States will read the list of about 15 items that we have asked—with specificity—we have these before we mark up. I am certain those who understand our bona fide effort to be players and participants will know we need this kind of information.

Having said that, let me say to the Senate, nobody should be under any apprehension that the Republicans—who are going to participate; who have been meeting to try to understand and be participants by knowing precisely what this budget is about—are going to have many amendments. Every Senator has some version of what he thinks is not right in this budget. And I would say, in speaking to Democratic Senators, whether they offer the amendments or not, many of them say, "There are things in this budget I am not for." I have heard at least 15 say: "I am not for the Btu tax."

So we are no different than that. We are going to have Senators, to make their point, offer those kinds of amendments. But we are also going to offer—and we are working on—a series of major amendments to change the thrust of this recommendation of the President's, because we, too, want jobs and deficit reduction. We are going to change it in two major ways. And we can tell you right off there are very major policy changes.

One is, we do not think we need a net $360 billion in new taxes to get close to the President's deficit targets because we think we do not have to increase domestic spending by $178 billion, over a starting point which is the starting point of current law plus inflation, for every program after that. We do not think we should add $178 billion more to that. So there will be more cuts and less taxes—if any—in our policy proposals that will be presented as soon as we can put them together. And, clearly, if we are forced to mark up next week, we are very hopeful we will have them ready by then.

Everyone is working very hard. We are committed to being there. We are going to cancel as many things as we can to have good attendance. It is one of the interesting committees. There are no proxy votes in this committee. So for those who want that for the Senate, we already have it. You have to be there if you are going to propose something and have a vote. So we are going to be there.

My last comment is, our own intention in producing amendments, and policy changes by way of amendments, is because, in essence, we do not believe that we can get the deficit in the United States under control without getting the spending of the Federal Government under control. And we really do not believe that $54 billion net over the next 5 years in spending cuts—$55 billion is what we read the CBO report to say—we do not think that is nearly what the American people had in mind when they said: Let us sacrifice.

We think the taxes are the sacrifice. We do not think Government is sacrificing very much at all.

With that, we will put the other letters in the RECORD tomorrow. And hopefully, Senators who are interested in our concerns of doing the budget right—so we do not have another CBO estimate 4 weeks after it saying it is wrong, because they will have done it right—I hope some of them might join quietly and privately, if no other way, in asking whether or not we could have a little time, and the President could have a little time, to get his budget finished before we start our work on a budget resolution.

Mr. GORTON. Mr. President, I thank the Senator from New Mexico, my friend and colleague.

I agree with his remarks. I believe the people of the country owe him a great deal of gratitude for the clear and cogent way in which he can explain extremely complex circumstances.

We do want the deficit reduced. It is not good news for either Republicans or Democrats to find that a plan so carefully crafted by the President of the United States, is going to fall $107 billion short of meeting its own professed goals. We want to give the President the opportunity to meet those goals. We want to be able to support him in meeting those goals. We want to be able to make our own suggestions. And we want to be able to make those suggestions intelligently.

We find it frustratingly difficult to do that with the sophistication it ought to require in the absence of any kind of detailed budget.

I yield the floor.

The PRESIDING OFFICER. The Senator from Washington yields the floor.

The Senator from Minnesota is recognized.

Mr. WELLSTONE. Mr. President, I know the Senator from New York wishes to speak, and I actually came down to manage the National Voter Registration Act of 1993.

I thought I might respond to my Republican colleagues. Although they are leaving now, the comments will be on the RECORD. If they are busy and have to go, that is fine.

I want to say I am at a bit of a disadvantage. I have not yet—being busy—seen the CBO report. When my Republican colleagues say, of course, they want to operate in a nonpartisan manner, I certainly hope that will be the case, because unless I am wrong, it is very difficult to analyze the difficult decisions we are going to have to make, and the economic mess that our country is in, without having some historical perspective.

I just came to the U.S. Senate in 1990. I did not serve during the decade of the 1980's, and I cite as an excellent resource on this the book America: What Went Wrong? We went from an annual deficit of $75 to $350 billion. We went from an overall debt of $1 to $4 trillion. So I imagine there is plenty of blame to pass around, including blame that could be directed at Senators and Representatives who were in office, along with several Presidents.

I just want to make the point that President Clinton inherits that mess and undoubtedly some very difficult decisions need to be made. But when I hear this emphasis on deficit reduction, deficit reduction, deficit reduction, when I know at the same time we had two Republican Presidents sweeping problems under the rug, over and over and over again, I just simply want to point out that the reason people in this country are supportive of President Clinton is that they understand that President Clinton has inherited a mess. He cannot turn everything around overnight, but he can begin to change the course of direction of the country.

I heard, I believe, the Senator from New Mexico [Mr. DOMENICI], whom I have great respect for—and I know people on the floor always say "he is a great friend," but I consider him to be a great friend—I just have to say when I hear the discussion about we do not want to raise taxes, once again, one of the things we did, starting with what

was euphemistically called the Economic Recovery Act of 1981 because it certainly did not lead to economic recovery for this Nation, is we passed a very regressive bill which dramatically gave the tax breaks to people on the top with the wealth and the income. We have had a massive redistribution of wealth and income in the United States of America, all in the wrong direction.

I do not think that the vast majority of Minnesotans or the vast majority of people in this country are opposed to some principle of fairness when it comes to who pays the revenue for how we invest in our own country.

As a matter of fact, Mr. President, it is interesting, last week I was back home meeting with people to get their reactions to the budget proposal, and I met with a number of CEO's of some major companies in Minnesota and they said to me: "Paul, we make a very fine salary, and we have no objection to paying a higher marginal rate, as is done by high income and wealthy people in every other advanced economy. We know we have tough problems in our country, we know there is going to have to be sacrifice, and we are willing to pay our fair share."

So I have said it before and I am going to go back to this old Yiddish proverb, "You can't dance at two weddings at the same time." I cannot understand how my Republican colleagues can be all for reducing the deficit, but I assume they are not opposed to fully funding immunizations by 1997; I assume they are for funding Head Start and are for funding the Women, Infant and Children Program. How are we going to do all that?

The Senator from New Mexico says that the Republicans are going to have all sorts of alternatives with budget cuts—and I would like to just say to the Senator from New York, I will be done in just a moment. We are both emotive politicians, and I have a little bit to get off my chest.

The Senator from New Mexico also says there are going to be cuts. I can think of some massive programs that could be cut. A lot of people can think about that. But there may be different definitions of cuts. Let me just say to those Senators who intend to come to the floor with suggestions about cuts, I am a Senator from Minnesota and I am not going to see people talking about cuts that dramatically hurt and affect people in this country who cannot afford to have their belts tightened any further. There are a lot of massive energy subsidies that I think are given away to companies who pollute the environment. Maybe we ought to look at those cuts. Some of us have questions about the space station. Some of us have questions about super collider. There are lots of things on the table. But some of the Senators who talk the most about deficit reduction and cuts are always talking about cuts that affect people somewhere else.

So I will just go back to President Clinton's budget proposal. I think there is balance. I think there is fairness and, quite frankly, I think the President is right on the mark when, on the one hand, he talks about deficit reduction and, on the other hand, Mr. President, he understands we have an investment deficit, and we have to invest in our people, and we have to invest in our infrastructure, and we have to invest in our economy, otherwise decline begets decline begets decline.

We do not do well as a Nation with an official unemployment rate defined at 7.3 percent, never mind those people who are part-time workers, underemployed workers, those people who are discouraged workers and not counted as unemployed, and all those people who work 40 hours a week, 52 weeks a year and do not make decent wages and do not have decent fringe benefits.

I am just telling you if we do not invest in our own economy and our own people, and we do not dramatically reduce unemployment and have an economic investment so we have an economy that produces good jobs that people can count on, that pay decent wages and fringe benefits, then we are never going to bring the figures down. What are the figures? Every percent you bring unemployment down, I think you lessen $50 billion from the deficit.

I just hope in the discussion I just heard—both the Senators are gone; I was hoping they would stay but I know they had other appointments to go to—that they would understand that we cannot talk about right now and conveniently forget our recent history, and I am talking about a history of President Reagan. Remember supply-side economics? Remember that? Remember how we were going to slash the revenue base of this country and double the military budget, but we would give tax breaks to the wealthy and high income, they would invest in the economy, there would be higher levels of productivity, there would be more jobs, there would be more economic growth and the debt would come down. All of that was promised. I ask the people of the United States of America: Did that happen? That is why they elected President Clinton.

I yield the floor.

Mr. D'AMATO addressed the Chair.

The PRESIDING OFFICER. The Senator from New York is recognized.

Mr. D'AMATO. Mr. President, I ask unanimous consent that I may proceed as in morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

DEATH PENALTY FOR ACTS OF TERRORISM

Mr. D'AMATO. Mr. President, I rise today to address the tragic bombing that struck the World Trade Center just this past week. And there are two tragedies that stand out in my mind. Just a short time ago, the authorities have indicated that at least one of the perpetrators has been identified. It would appear that it is a person who is a member of the Muslim Brotherhood which is the father organization of the terrorist group Hamas.

While there may not be some sort of grand conspiracy, I certainly cannot speak to that as it relates to this particular incident or all violent terrorist attacks. Certainly, the killing of five innocent people and the injuries and the pain and suffering that have resulted, is a tragedy of immense dimension. The idea of being able to hold people hostage or inculcate fear that there may be another incident, wherever, is something that is repulsive. The President of the United States in his visit to the region just recently indicated that this would be a tragedy if we were to permit our citizens to be held captive by fear, and he was right.

But, Mr. President, there is a second tragedy, a tragedy that those people who undertake these actions are caught, that justice is incomplete and indeed if it turns out that the person who has already been apprehended is tried and convicted, justice will not be complete. That person may be sentenced to a term in prison, may be sentenced to a life in prison. Ask the mothers and fathers and children and loved ones of the victims who died whether that is true justice.

Mr. President, we should have a death penalty for these kinds of savage acts and the fact of the matter is that there is no Federal death penalty for what took place on Friday.

Under the law, the most that that guilty party could face would be life imprisonment. Such tragedies must never be suffered again without recourse to full justice, and that is why I am introducing legislation which will provide for the death penalty for murders involving bombs or other explosives.

This bill tracks similar legislation which I introduced, which we passed and is now the law of the land providing for the death penalty for homicides which are ordered by drug kingpins. We finally recognized that if someone is so heinous that he or she would order the killing of a person, they should face the death penalty. If someone is so depraved that they will set off bombs, explosives, without regard to human life, then certainly a jury of his or her peers should have the ability under the proper circumstances to call for the death penalty.

Let me just touch on something, because I had no realization as to how almost commonplace bombing has become and the incredible rise in the incidents of bombing in this country.

I refer to the manual, the 1991 Bomb Summary, put out by the U.S. Depart-

ment of Justice. In 1989, we had 1,208 incidents of bombing in this country—explosives and incendiary, 1,208. In 1991, if you look at the graph we see a leap straight up, more than a doubling in less than a 2-year period of time from 1,208 to 2,499, almost 2,500 bombings nationwide.

We have to let those people who would resort to this kind of terror tactic, whether it be domestic or international know that they will face the full measure and consequences of their actions. And if it results in the death and killing of people, there will be a death penalty.

Mr. President, if there is going to be any kind of crime bill that moves through here, it better have the death penalty for those who would use bombs and explosives and incendiaries, and that is why tomorrow I will be introducing legislation in the hope that I can, on a bipartisan basis, gain the support of as many Members as possible.

Let me, if I might, refer to page 21 of the manual that comes out from the Federal Bureau of Investigation. In my State of New York, in the last year the statistics were covered, which is 1991, we had in actual explosives, 71 bombs. In addition, there were 26 other attempts. In terms of incendiary devices, there were 12 others and two attempts. So that in the State of New York alone, when we talk about actual bombings and incendiary devices and attempts, we had well over 100.

The people of my State are entitled to the same protections as everyone else, which means that if you are going to use an explosive or a bomb and threaten lives and actually cause the deaths of innocent people, you should be prepared to pay with your own life.

Mr. President, it is with a feeling of relief that we have, apprehended someone who brought about this tragedy. I think we have to go further. That is why I am going to be introducing this legislation. I hope that before this session is complete we can adopt legislation which will give some meaningful protection and exact a full measure from those who, with no regard for the lives of others, would place people in harm's way, would jeopardize their lives, would actually take their lives, resulting in the kind of tragedy we have seen in New York becoming commonplace.

I am concerned that we have reached a new era in our lives where we do have radicals and radical groups with little regard for the safety of others and have now turned to this methodology of holding people captive. When one stops to think of the dramatic increase in a period of less than 24 months, a doubling nationwide of bombings taking place in this country, that should give one cause to reflect and say let us see to it that we do everything we can to not only apprehend and to discourage those who would undertake this activity, but to see to it that there is a proper punishment particularly as it relates to innocent lives being lost.

Mr. President, I thank my colleague from Minnesota for having been so gracious, and I yield the floor.

The PRESIDING OFFICER. The Senator from New York yields the floor. The Senator from Minnesota is recognized.

Mr. WELLSTONE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Senator from Minnesota suggests the absence of a quorum. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. KOHL). Without objection, it is so ordered.

NATIONAL VOTER REGISTRATION ACT OF 1993

MOTION TO PROCEED

The Senate continued to consider the motion to proceed.

Mr. DOLE. Mr. President, I understand the pending business is on the motion to proceed to the motor-voter bill.

The PRESIDING OFFICER. The Republican leader is correct.

Mr. DOLE. Mr. President, earlier this year, Congress passed a family leave bill that will cost businesses hundreds of millions of dollars.

Yesterday, the Senate passed an unemployment compensation bill raising the deficit by $5.8 billion but did not offer a single way to finance this new debt.

And now, we are debating so-called motor-voter legislation that says to the 50 States—reform your voter registration procedures, comply with our mandates, but do not come to us when it is time to pay the bill.

And if your State is broke and cannot comply with our requirements, then tough. That is not our problem. It is yours.

Mr. President, no one is against helping families with medical emergencies or assisting those Americans who are out of work or encouraging more people to participate in the democratic process.

That is not the point.

The point is that we are grownups, if we want the goodies, we are going to have to pay for them.

If we want an extension of unemployment benefits, then fine, let us find the money to fund it.

And if we want the States to adopt new voter registration procedures, we should be able to say that funding is available.

Last June, candidate Bill Clinton told the U.S. Conference of Mayors that "I am going to stop handing down mandates to you and regulating you to death."

These words were warmly received, and it is no wonder.

The mayors and county executives and State officials throughout America understand what it means when Washington calls.

It means added expense, added regulation, and added aggravation—so think twice before you pick up the phone.

Unfortunately, now that he has made it to the White House, President Clinton is singing a different tune.

We have had the family leave mandate.

We have had the $5.8 billion increase in the deficit—a mandate on our children and grandchildren who, ultimately, will pay the price for this act of fiscal irresponsibility.

And now we have the motor-voter mandate.

Tax. Spend. Mandate. That is the great new vision for change.

I ask my friends on the other side of the aisle, how would you like the States to pay for this legislation? Do you want them to cut their education budgets? How about their unemployment benefits? Child nutrition programs, perhaps? Or maybe we should tell them to raise their State taxes, and pass along the costs to the taxpayers?

No one is against increasing voter registration.

The more people who vote, the better for our democracy.

But the best way to get people to vote is to convince them that Congress is a credible institution, that we can conduct our affairs responsibly and without gimmicks.

Unfortunately, the motor-voter bill flunks the credibility test.

As columnist David Broder recently wrote:

> This legislation is the kind of underfunded, overhyped legislation that gives Congress and Washington a bad name.

Mr. President, my colleagues on this side of the aisle will make other arguments against this bill—the potential for fraud, the possibility of coercion with agency-based registration, the very fragile linkage between voter registration and voter participation.

These problems are real. They are not imaginary.

But, Mr. President, my biggest concern is with Congress' credit-card mentality.

We seem to think we can come up with any idea, no matter how expensive, and just charge it—charge it to business, charge it to future generations, and with this bill, charge it to the States and localities.

Needless to say, many of our colleagues in State government feel that this legislation is unnecessary, fraught with the potential for fraud, and inordinately expensive.

Perhaps that is why the National Governors Association, the National Association of Counties, the National Association of Towns and Townships, and the National League of Cities have all registered their opposition.

I have also received numerous letters from State and local officials who have told me that this bill will interfere with their ongoing efforts to improve access to the ballot in their respective States.

For once, I urge my colleagues to listen to the people who will have to live with what we legislate.

Mr. President, I ask unanimous consent that letters by Governors Tommy Thompson of Wisconsin and Pete Wilson of California be inserted in the RECORD, and that a letter by Bill Graves, secretary of state for the State of Kansas, be printed in the RECORD as well.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

STATE OF WISCONSIN,
Madison, WI, February 3, 1993.

Hon. ROBERT DOLE,
Senate Hart Building, Washington, DC.

DEAR SENATOR DOLE: I am writing to express my opposition to H.R. 2, the National Motor Voter Registration Act. I support efforts to improve voter registration, however, this legislation is not an effective means of achieving that goal.

In December of 1991, I vetoed a bill passed by the Wisconsin Legislature that would have established a registration system similar to that proposed in H.R. 2. The legislation was not a cost effective means of improving Wisconsin's voter registration program which is already among the best in the nation.

Although Wisconsin would receive an exemption from enacting provisions of the program because it is one of three states to permit same-day voter registration at the polling place, I must object to this attempt by Congress to pass another unfunded mandate on the states. The bill will require states to provide voter registration at driver's licensing centers and other public assistance offices and through the mail without providing the necessary funding.

Unfunded mandates are stealing resources from the states and stifling state initiative. The 101st Congress passed legislation imposing twenty two mandates costing states over $15 billion and several others were passed in the 102nd Congress that impose further burdens. I am opposed to H.R. 2 and I am hopeful that you will vote against this faulty bill.

Sincerely,

TOMMY G. THOMPSON,
Governor.

STATE OF CALIFORNIA,
February 11, 1993

Hon. BOB DOLE,
Republican Leader,
U.S. Senate, Washington, DC.

DEAR SENATOR DOLE: I am writing to express my strong opposition to H.R. 2, the National Motor Voter Registration Act.

As I explained to you earlier during the National Governors' Association conference, H.R. 2 as currently drafted imposes yet another unfunded mandate on the people of California. While the bill requires states to provide voter registration at drivers' licensing stations, public assistance offices and through the mail, it does not provide any funds to assist the states in carrying out these activities.

California's fiscal crisis is well known. For the second straight year, we face an absolute decline in total state revenues at a time when our population grows by 600,000 people a year. To meet California's constitutional obligation for a balanced budget, we will be forced for the third straight year to make very difficult decisions. Unfortunately, H.R. 2 is blind to the fiscal climate in the states, and it allows the Congress to avoid making equally difficult decisions, by forcing the states to pick up the tab for what is claimed to be a national priority.

If the Congress identifies this as a national priority, then it must be prepared to provide the funds necessary to ensure full implementation. Absent federal funding, we must question the Congress's intent, especially given the fiscal circumstances in California and the other states.

We all share the goal of improved voter registration, Republicans and Democrats alike. This is not a partisan goal, but a promise of our democratic process. I look forward to working with you and the congressional leadership to halt this unfunded mandate.

Sincerely,

PETE WILSON,
Governor.

STATE OF KANSAS,
Topeka, KS, February 17, 1993.

Hon. BOB DOLE,
Hart Senate Office Building, Washington, DC.

DEAR SENATOR DOLE: I urge you to continue your efforts to work for the defeat of H.R. 2. This bill places an unfair and unnecessary burden upon the people of Kansas. While this bill may be needed in other states, it is not needed in Kansas, which is already implementing its own motor voter program.

I have consistently maintained that Congress should reward states with existing motor voter programs. Instead, they have chosen to ignore Kansas' efforts to implement a program meeting the unique needs of our state and to punish states that showed the initiative to increase access to voting on their own.

My objections to H.R. 2 are as follows: It is but one more example of a callous federal government dumping an unfunded, unwanted mandate on state government. Columnist David Broder recently called it, "An example of the kind of underfunded, overhyped legislation that gives Congress and Washington a bad name."

This legislation is a perfect example of why Bill Clinton finds common sense so uncommon in Washington. This bill might be good politics, but it surely is not good government, and I sincerely doubt that in this new era of "sacrifice" we want to squander resources so wastefully.

Estimates of what it will cost states to comply with the federal program range from $25 million a year up to ten times that amount. This is especially irresponsible considering the strain state budgets, including that of Kansas, are under. States are already having difficulty keeping their existing programs operating with scarce and dwindling resources.

Agency-based registration is an especially costly and unnecessary aspect of the measure. Through motor voter in Kansas we will boost our registration to more than 92 percent of the state's voting age population. This means that we will spend hundreds of thousands of dollars to reach less than eight percent of the voting age population through agency-based registration.

This is preposterous. It is especially preposterous considering that Kansas does not have a problem. In addition to motor-voter, Kansas has mail-in registration. We make an on-going, concerted effort to give people the opportunity to register.

The results in 1992 suggest that our efforts are successful. Kansans registered to vote and turned out on election day in record numbers. The final tally on registration showed 1,365,847 Kansans, or 75 percent of the voting age population, registered to vote. On election day, 1,160,826 Kansans, or 85 percent of those who were registered, voted. That represents 138,835 more Kansans than had ever voted before—a 14 percent increase over the previous record and 64 percent of the voting age population.

I realize that all American's should be given the opportunity to conveniently participate in our electoral process. However, to take a broad brush and paint all states into the same expensive corner is not good public policy.

Please continue your efforts to defeat this legislation. Should it become law, I hope Congress will back up its words with action and provide adequate funding.

Sincerely,

BILL GRAVES,
Secretary of State.

Mr. DOLE. Mr. President, the first thing we did this year was to pass a bill, a mandatory family leave bill which would cost businesses hundreds of millions of dollars. We reached out and told everybody with 50 or more employees in America: This is going to be your leave policy, and you can handle the costs and everything else. So we have already had one mandate. We already reached out and taxed, because it is a tax; it mandates tax on business.

Yesterday, we passed the unemployment compensation bill, which we should have done, except we did not pay for it, so we added $5.8 billion to the deficit. So we started off with an ominous tone, because we did not try to pay for it. We added it to the deficit.

Now, the third piece of legislation is another mandate, adding a couple hundred million dollars or more. Tell the States and counties: You pay for it.

I addressed the National Association of Counties last Sunday, and there were Republicans and Democrats there, and they were unanimous in saying: Do not send us more mandates, unless you send us the money.

We do not listen very well. We keep telling local and State government we are broke, the Federal Government is broke. We have a $4.3 trillion debt. So we will pass it on, and you pay for it. If you are an employer, you pay for it, if you are a county official, find the money from the taxpayers, or if you are a Governor, you have to find the money. This is Democrat and Republican; this is not partisan. "Do not send more mandates."

Now we have this great idea, this motor-voter legislation, that says to the 50 States, reform your voter registration procedures, comply with our

mandates, but do not come to us when it is time to pay the bill. Pay for it yourself. So we have all these great ideas that we cannot afford to pay for. The Federal Government is broke. So we will just mandate that you pay for them. If your State is broke and cannot comply with our requirements, that is tough, that is not our problem. That is your problem. That is what we tell the Governors, Democrats and Republicans, whatever.

So it seems to me that we ought to stop this. I was going to quote David Broder, who is considered to be a fairly responsible journalist when it comes to politics and issues.

He said that: "This legislation is the kind of underfunded, overhyped legislation that gives Congress and Washington a bad name." That did not come from some Republican. I do not know what his politics are, but I know he is a respected journalist, sort of the dean of political writers.

I will say it again: It is underfunded and overhyped. That is true. There is no money in it—just a lot of hype, always saying how good it is for everybody, and it does give us a bad name. It is the very thing that makes Ross Perot so successful when he comes to Congress and talks about irresponsibility when we keep passing the bills and telling somebody they have to pick up the cost and pay for it.

So my colleagues on this other side of the aisle will make other arguments against the bill—the potential for fraud, the possibility of coercion with agency-based registration, the very fragile linkage between voter registration and voter participation.

Mr. President, I think my biggest concern is the so-called credit card mentality. We seem to think we can come up with any idea, and we say it is good and somebody is for it, no matter how expensive; we can just charge it to business, and future generations, to the Governors, to the county commissioners, and to the mayors. I do not think it is necessary.

My State opposes this. We have a Democratic Governor. We figure it will cost maybe $800,000 a year in the State of Kansas. We do not have $800,000. We have pretty good voter registration laws now. We want people to participate.

Mr. WELLSTONE. If the Senator will yield for a moment, Mr. President, I am just managing the National Voter Registration Act at this time, and I wonder if the Senator from Kansas realizes—and I know he does—Kansas already has motor-voter. I am sure the Governor has mentioned that. I take it that it is working very well in Kansas, as it is in Minnesota and in many other States.

Mr. DOLE. But we do not need the Federal Government to come in on top of it. Give the States a chance. We are trying to register voters and be progressive, as county officials are.

Why does the Federal Government always assume it is our responsibility to tell the States and counties what they ought to do? I do not think this legislation is going to pass, so maybe it will not make any difference. If it should pass, then we are creating more problems for a lot of people in both parties, and a lot of taxpayers in both parties, who have no idea why we are doing this. I am not sure anybody here knows precisely why we are doing it, except that it might help Democrats who run for political office.

Mr. WELLSTONE. If the Republican leader will yield. I also have David Broder's piece here. I agree with the minority leader that he is a respected journalist.

I thought I might quote different sections of the article and maybe talk about the "why" of this legislation.

Mr. Broder, at one point, said: "By building on that State experience, its sponsors have done something that is altogether too rare in Washington: They allowed the design to be field-tested before taking it national."

So, in other words, we are building on some of the best of the State's efforts. Mr. Broder goes on to say, "The prospect of these newcomers makes Republicans nervous"—I think this is relevant—"even though many of the new registrants are expected to be young people. In two of the last three Presidential elections, most young people voted Republican. Some of the Republican rhetoric"—and this is what I wanted the minority leader to listen to—"condemning the bill has been even more exaggerated than Democratic descriptions of its benefits."

I think the point about what Kansas, Minnesota, and many other States have done—half of the States of the country—with motor-voter is that is a huge step forward. The problem is, if you look around the country, you find about 70 million people not registered to vote. If you look at the problem of nonregistration in this country, you find that in all too many States—let us talk about this as a basic civil rights issue—we impose enormous difficulties on people. You do not know whether it is 32 days, 26 days, or however many you have in order to register to vote. You might have to register 25 days or 32. You do not know where to register or how to register, all too often. Those people we impose difficulties on are the very people who are working, blue-collar workers, low and moderate income people.

There is a real economic bias. I would think, in trying to expand democracy, that we want to support this legislation. I say to the minority leader that is the "why" of this bill, and that is, in part, what Mr. Broder was trying to say. The cost of it, CBO says, is $20 million a year.

Please remember, States are already doing voter registration. We are not mandating States to do voter registration. CBO also says we can save somewhere over $10 billion a year in terms of making it more efficient through this program. So as I look back over the decade of the 1980's, I look at a lot of the irresponsible finances; and this strikes me as being a very, very, very small-cost item compared to the gain we make, which is finally that we do not discriminate against people. We reach out and make sure that citizens in our country have the right to register and vote. That is what the United States of America is about.

Mr. DOLE. Mr. President, I appreciate the comments from the Senator from Minnesota. We will be offering an amendment, if we ever get to the bill—and I hope we do not. If we do, we will have an amendment which says it does not go into effect until the Federal Government pays the cost, whether it is $20 million or $200 million or whatever the cost. Sooner or later, we are going to have to stop mandates. I noticed when President Clinton had the Governors down, he said, "we are going to stop the mandates, stop sending things out to you, unless we pay for them."

This is a good chance for the President to stand up and say: Stop. Unless we pay for this, we are not going to inflict it on the States and on the Federal Government.

Do not tell me when the Federal Government gets involved it is going to be more efficient. If you go out and try to prove that to someone in almost any State, I think you are getting a pretty good argument. When the Federal Government gets involved, watch out. It may never happen.

So that is one of the problems we are having right now. We hope that President Clinton's effort to streamline Government will have a chance, but this bill is certainly not needed. The States are doing it. If you already have it in your States why inflict it on other States? Other States are going to do what they need to do to get people to register.

We will have the debate and have the vote tomorrow morning at 9:30. I do not think cloture will be invoked. I hope it will not be invoked but we will be back again on Tuesday.

Mr. President, was leader time reserved?

The PRESIDING OFFICER. Leader time has been reserved.

Mr. DOLE. Mr. President, I ask unanimous consent to speak on some other subject and not interfere with the debate on this measure.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE ECONOMY AND THE BUDGET

Mr. DOLE. Mr. President, since we are talking about how easy it is to spend money on programs when we do

not have to pay for them which seems to be the thrust of what we are hearing this year—mandate more spending, add to the deficit.

Mr. President, this morning I had a chance to glance through the Congressional Budget Office's preliminary analysis of the Clinton economic plan.

It seems CBO has the same problem Republicans do. Let me quote from the CBO report:

Because the [President's] April budget is likely to modify or clarify some of the administration's proposals, CBO's analysis must be viewed as preliminary.

Let me underscore the word "preliminary." Even though the CBO makes it clear that the Clinton plan is incomplete, we are still told that we have to vote on a budget resolution to implement the President's program before we get to see the President's budget and even the CBO is saying we cannot complete this, because we do not have all the figures, but we are supposed to pass a resolution in 2 or 3 weeks before we even see the President's budget.

If you take a quick look through this analysis, which I am submitting for the RECORD unless it has already been submitted earlier today, I would like to make a few remarks.

First of all, we should not forget the comments President Clinton himself made about using the independent Congressional Budget Office to calculate his plan. President Clinton also said:

This budget plan * * * will by 1997 cut $140 billion in that year alone from the deficit.

Not according to this analysis by the Congressional Budget Office which was released last night. CBO now estimates that the Clinton plan will only reduce the deficit by $116 billion in fiscal year 1997. So we have gone from cutting the deficit in half in 4 years to cutting $116 billion from the deficit in 5 years.

Second, we have this vaunted "vision of change for America." We were told yesterday why we do not need a budget. It is because we have this little pamphlet; we have a pamphlet from the President. It is not a budget. It is good enough. Go ahead and vote on the pamphlet. It claimed that the President's plan would reduce the deficit by $473 billion by 1998. CBO's analysis now says the plan will generate 25 percent less deficit reduction—or only $355 billion—by 1998. So that is a fairly substantial difference as I look at it.

On top of all these new shortcomings, we still do not know all the details of the Clinton plan. Take, for example, the President's single largest cut—$112 billion in defense cuts on top of $75 billion already authorized and passed by Congress last year. We do not have the foggiest notion what the President plans to cut in defense. President Clinton did not say during our lunch on Tuesday where the defense cuts were going to come from, who was going to be affected, what weapons systems were going to go, what bases closed.

Then, the earned income tax credit which is supposed to offset the regressive Btu tax, the so-called energy tax—how is that going to be implemented? We do not know. I got a letter from Treasury saying we will tell you later; we do not have the details of the plan yet.

But we do know this. I think the more that we learn about the plan, the harder it becomes to justify the price tag.

Let me again, just in summary, point out the highlights. It is $360 billion in increased taxes, that is billion, $360 billion in new taxes over 5 years. We also have $178 billion in new spending. We have $68 billion in new tax breaks. We have $112 billion in defense cuts on top of $75 billion we already cut.

So it just seems to me that we have a right on this side of the aisle, and I think my colleagues on the other side would agree, to know what impact the President's budget may have on our States. There may be some things in that budget that might lead some of my colleagues to have some concern about the overall package. Whether you are for it or not, you ought to ask to see the budget. I mean, you do not go in and buy a new car with a blindfold on. You should not be asked to vote on a budget resolution until you see the budget.

I have been asked by the media from time to time—most of the media, of course, tends to support everything Clinton is for and the liberals are for—well, where is the Republican plan?

The last time I checked, we are not the Government. Republicans did not win the Presidential election last November. It is up to President Clinton to propose a plan. But I can tell my colleagues, and I can tell the media if they are interested, we will have a strategy, we will have a coordinated, coherent study and will have some amendments in the budget resolution in committee and on the floor, and if I can guess correctly, and I think I know pretty much what is happening on this side of the aisle, we may have our own Republican plan to offer a leadership amendment, either an amendment or a substitute.

So I would say to my friends on both sides of the aisle we are concerned about the deficit. We agree with President Clinton. The deficit is public enemy No. 1. It ought to be reduced. We ought to deal with it. We ought to get more jobs in the private sector. We want the economy to grow. And for all those reasons, we ought to deal with the deficit as quickly as we can, but I do not believe we are in such a hurry and such a rush that we need to do it before we get the budget document.

It has never been done before. You never vote on the budget resolution before you had the budget. I thought we did. I thought in 1981 President Reagan had done that. I said so on the Senate floor.

I later was corrected and came back and corrected my remarks, because it did not happen in 1981. We had an existing budget.

So I would hope that as we continue to try to obtain information from the administration on different parts of the budget, that we will keep in mind that it is $360 billion in increased taxes, and also keep in mind all those rich people. About 70 percent, as I recall, are small business men and women who are out there trying to make it. Maybe they make $250,000. Maybe they created some jobs. And their tax increase is not going to be from 31 to 36 percent. It is going to be from 31 to about 50 percent, because they are going to lose exemptions, they are going to lose deductions, they are going to pay a 2.9-Medicare tax, pay a 10-percent surtax, and it is based on economic income, and that is another definition. It has been around since 1984, but we were cutting taxes in the eighties, not raising taxes.

I just believe that the reason our phone calls are 4 to 1 against, some days 5 to 1 against, 6 to 1 against, up as high as 9 to 1 against from my State, because people are beginning to learn about the plan.

If you want more taxes, you are going to love this package. If you want to pay more taxes, you are going to love this package that President Clinton has sent to Congress.

I would hope that President Clinton was serious when he talked to us, and I think he was. We had a very good exchange at lunch on Tuesday. We appreciate and were honored very much to have the President come to our luncheon. If we are serious about deficit reduction, then we are serious about trying to be helpful. But I have the strange feeling that maybe Republican input is not really what is desired by my colleagues on the other side or by the administration.

They have the majority. They probably have the votes, and they like taxes. So we ought to just give them all the taxes they want, but we ought to focus on spending reductions where we can and insist that we reduce the deficit, and do it through spending cuts and not increased taxes.

I ask unanimous consent to print in the RECORD the preliminary CBO estimates.

There being no objection, the estimates were ordered to be printed in the RECORD, as follows:

PRELIMINARY CBO ESTIMATES OF THE ADMINISTRATION'S BUDGETARY PROPOSALS, MARCH 3, 1993

The Congressional Budget Office (CBO) has prepared a preliminary analysis of the Clinton Administration's budgetary proposals. This note and the attached tables summarize CBO's conclusions. A forthcoming CBO paper will provide further details and explanatory information.

CBO's analysis is based on the proposals and estimates described in the Administration document, A Vision of Change for Amer-

ica, which was released on February 17. In early April the President will present a formal budget containing detailed and revised budget proposals and updated budget estimates. Because the April budget is likely to modify or clarify some of the Administration's proposals, CBO's current analysis must be viewed as preliminary.

CBO PROJECTIONS

CBO estimates that under current budgetary policies the federal deficit will total $301.6 billion in 1993, $286.7 billion in 1994, and $359.7 billion in 1998 (see Table 1). These baseline projections assume that discretionary spending is held to the limits established by the Budget Enforcement Act in 1994 and 1995 and grows at the same pace as inflation after 1995. CBO's current baseline budget projections incorporate minor revisions of those that CBO released in January in The Economic and Budget Outlook: Fiscal Years 1994–1998.

In CBO's estimation, the Administration's budgetary proposals would add $6.8 billion to the deficit in 1993 and would reduce the deficit every year thereafter. Compared with the CBO baseline, the Administration's plan would reduce the deficit by $18.6 billion in 1994, $27.4 billion in 1995, and $131.2 billion in 1998.

Although the Administration's policies would, on balance, reduce the deficit, its program includes many proposed spending increases and tax reductions. Most of these programmatic increases are labeled as stimulus or investment proposals in the Administration's February 17 document, but some are included in the category of "nondefense discretionary program savings." During the 1993–1998 period, the Administration plan provides a total of $355 billion in net deficit reduction from the CBO baseline, comprising $652 billion in gross reductions, partly offset by $297 billion in increases.

DIFFERENCES BETWEEN CBO AND ADMINISTRATION ESTIMATES

CBO's estimate of the deficit is lower than the Administration's estimate in 1993, 1997, and 1998 but higher in 1994, 1995, and 1996 (see Table 2). These differences take into account differences in estimates of the budget baseline and the Administration's policy proposals. CBO's estimate of the baseline deficit is lower than that of the Administration in most years, but CBO also projects somewhat lower savings from the Administration's proposals. Because the Administration's budget estimates are based on CBO's economic assumptions, all of the differences between the Administration and CBO reflect different technical estimating methods.

CBO's baseline estimates differ from those of the Administration in two key respects. First, CBO projects higher tax collections after 1994 than the Administration. Differing interpretations of recent trends in corporate income tax collections explain more than half of this difference. Second, both the amount and timing of spending for deposit insurance remain in doubt. During the 1993–1998 period, CBO projects higher outlays for deposit insurance of $6 billion. CBO is more pessimistic than the Administration about the anticipated outlays for savings and loans but less gloomy about the prospects for the Bank Insurance Fund.

For discretionary spending proposals, CBO has generally accepted the Administration's estimates of the changes in budget authority, even where a proposal is not clearly specified, but has reestimated the resulting changes in outlays. For mandatory spending, CBO has used its own estimates of the specific policy changes proposed by the Administration. In three cases—reforming Federal Housing Administration insurance, reforming power marketing administrations, and changing debt management policies—the Administration has not yet outlined a specific proposal, and CBO's estimate therefore includes no savings for these items.

Differences in estimates of the Administration's policy proposals are concentrated in five areas. First, the Joint Committee on Taxation's estimates of the Administration's proposals, which are reflected in the accompanying tables, are about $5 billion a year less than the Administration's estimates. Different estimates of the proposed rate increases for high-income individuals and the compliance and enforcement efforts represent most of this amount.

Second, the Administration's estimates assume savings that grow to almost $5 billion in 1998 from changes in debt management policies. Because the Administration has not detailed its specific changes in debt management policies, CBO's estimate does not include budgetary savings from this source. Achieving savings of the magnitude assumed by the Administration would require eliminating most or all borrowing in long-term bonds and much borrowing in medium-term notes.

Third, CBO's estimates of the savings from the proposed reductions in provider reimbursement in the Medicare program are below those of the Administration's by amounts that approach $2 billion in 1998. This difference in estimates is largely accounted for by the Administration's inadvertent use of different economic assumptions in estimating the effects of these proposals.

Fourth, the Administration's estimates omit the effect of the proposed reductions in federal civilian and military pay on the level of Defense Department contributions to the federal employee retirement programs. Because the agency's contributions are a set percentage of payroll, a reduction in pay will also reduce the amount of the agency's contributions, which are recorded in the budget as undistributed offsetting receipts. By neglecting to include this reduction in receipts, the Administration underestimates the deficit by amounts growing to $2.0 billion by 1998.

Fifth, because CBO's estimate of the savings generated by the Administration's proposals are lower than those reported in a Vision of Change for America, CBO's estimate of the resulting reduction in the cost of servicing the federal debt is also lower. By 1998, this difference reaches $2.3 billion.

ALTERNATIVE BASELINE CONCEPTS

The budgetary savings generated by the Administration's proposals can be measured using several alternative budget baselines (see Table 3). CBO's estimates use as their starting point the CBO baseline, which assumes compliance with the discretionary spending caps established by the Budget Enforcement Act. One alternative is the uncapped baseline, which assumes that discretionary spending in the 1994–1998 period grows at just the rate of inflation. The Administration's February 17 document employs a third baseline concept, in which nondefense discretionary spending keeps pace with inflation but defense discretionary spending is held to the levels proposed in the Bush Administration's January 1992 budget request (with various adjustments). If CBO employed the Administration's baseline concept, the estimated savings from the Administration's proposals would be greater by $9.4 billion in 1994, $17.4 billion in 1995, and $44.2 billion over the 1993–1998 period than those shown in Table 1.

TABLE 1.—CBO ESTIMATES OF THE ADMINISTRATION'S POLICY PROPOSALS

[By fiscal year, in billions of dollars]

	1993	1994	1995	1996	1997	1998
CBO baseline deficit[1]	301.6	286.7	284.4	290.0	321.7	359.7
Deficit reductions:						
Discretionary spending	0	−3.4	−7.7	−28.4	−56.2	−63.4
Mandatory spending	0	−4.2	−7.5	−17.8	−25.0	−30.8
Debt service	0	−1.6	−5.2	−11.1	−20.4	−32.2
Subtotal, outlays	0	−9.1	−20.5	−57.2	−101.6	−126.4
Revenues[2]	0	−45.8	−52.4	−68.1	−84.8	−86.0
Subtotal, reductions	0	−55.0	−72.8	−125.3	−186.4	−212.4
Deficit increases:						
Discretionary spending	3.3	13.0	22.6	31.8	39.4	44.5
Mandatory spending	3.3	3.8	5.9	7.0	7.1	7.3
Debt service	.1	1.4	3.7	6.8	10.6	15.1
Subtotal, outlays	6.8	18.2	32.1	45.5	57.1	66.9
Revenues[2]	0	18.2	13.3	11.7	12.6	14.3
Subtotal, increases	6.8	36.3	45.4	57.2	69.6	81.2
Total changes	6.8	−18.6	−27.4	−68.1	−116.7	−131.2
President's budget as estimated by CBO	308.3	268.1	257.0	222.0	204.9	228.5

[1] Assumes compliance with the discretionary spending limits in the Budget Enforcement Act through 1995; discretionary outlays are assumed to grow at the same pace as inflation after 1995.
[2] Increases in revenues are shown with a negative sign because they reduce the deficit. Estimates of the Administration's revenue proposals were prepared by the Joint Committee on Taxation.

Sources: Congressional Budget Office; Joint Committee on Taxation.

Note: The budget estimates reflect the proposals incorporated in the President's budgetary message of February 17. In early April the President will present a formal budget containing detailed and revised budget proposals and updated budget estimates.

TABLE 2.—DIFFERENCES BETWEEN CBO AND ADMINISTRATION ESTIMATES OF THE ADMINISTRATION'S PROPOSED BUDGET

[By fiscal year, in billions of dollars]

	1993	1994	1995	1996	1997	1998
Administration's estimate of the deficit	331.4	262.4	241.6	205.3	206.4	241.4
CBO reestimates of the administration's baseline:						
Revenues[1]	4.9	(2)	−6.2	−5.7	−16.0	−27.7
Deposit insurance	−13.9	−3.4	13.6	12.9	−1.5	−1.5
Other outlays	−8.5	−1.8	−1.6	−3.5	−1.5	(2)
Subtotal	−17.4	−5.2	5.8	3.8	−19.0	−29.2
CBO reestimates of the administration's proposal:						
Revenues[1]	−3.6	8.8	4.3	5.7	6.6	5.7
Debt management	0.2	1.6	2.7	3.3	3.9	4.9
Medicare	0	0.6	0.9	0.4	1.3	1.8
Pay offsets	0	0.6	1.0	1.4	1.7	2.0
Debt service	−0.2	−0.1	0.4	0.9	1.6	2.3
Other outlays	−2.0	−0.7	0.2	1.3	2.5	−0.5
Subtotal	−5.6	10.9	9.5	12.9	17.5	16.2
Total reestimates	−23.1	5.7	15.4	16.7	−1.5	−12.9
President's budget as estimated by CBO	308.3	268.1	257.0	222.0	204.9	228.5

[1] Increases in revenues are shown with a negative sign because they reduce the deficit. Estimates of the Administration's revenue proposal were prepared by the Joint Committee on Taxation.
[2] Less than $50 million.

Sources: Congressional Budget Office, Joint Committee on Taxation, and Office of Management and Budget.

Note: The budget estimates reflect the proposals incorporated in the President's budgetary message of February 17. In early April the President will present a formal budget containing detailed and revised budget proposals and updated budget estimates.

TABLE 3.—CBO AND OMB ESTIMATES OF BASELINE DEFICITS

[By fiscal year, in billions of dollars]

	1993	1994	1995	1996	1997	1998
			CBO estimates			
Uncapped baseline deficit	301.6	301.5	312.1	318.5	351.0	390.8
Reductions:						
Bush defense proposals[1]	0.2	−5.2	−9.8	−16.3	−21.1	−26.0
Debt-service savings	(2)	−5.2	−0.6	−1.4	−2.7	−4.3
Subtotal	0.2	−5.4	−10.4	−17.7	−23.7	−30.3
Administration baseline deficit	301.8	296.1	301.8	300.8	327.3	360.6
Further reductions required to meet discretionary caps:						
Discretionary spending	−0.2	−9.2	−16.4	−8.9	−3.2	1.7
Debt-service savings	(2)	−0.3	−1.0	−1.9	−2.4	−2.6
Subtotal	−0.2	−9.4	−17.4	−10.7	−5.6	−0.9
Capped baseline deficit[3]	301.6	286.7	284.4	290.0	321.7	359.7
			OMB estimates			
Uncapped baseline deficit	319.2	306.7	306.0	313.6	368.8	418.6
Reductions:						
Bush defense proposals[1]	0	−5.3	−9.5	−15.2	−20.0	−24.8
Debt-service savings	0	−0.2	−0.6	−1.4	−2.6	−4.1
Subtotal	0	−5.4	−10.1	−16.6	−22.5	−28.9
Administration baseline deficit	319.2	301.3	295.9	297.0	346.3	389.7

[1] Includes adjustments to Bush request as estimated by the Clinton Administration.
[2] Less than $50 million.
[3] Assumes compliance with the discretionary spending limits in the budget Enforcement Act through 1995; discretionary outlays are assumed to grow at the same pace as inflation after 1995.

Sources: Congressional Budget Office; Office of Management and Budget.

Mr. DOLE. I yield the floor.

Mr. WELLSTONE. Mr. President, I certainly do not want to hold the minority leader here. I find myself managing the National Voter Registration Act but I am having to respond to some of the remarks of my colleagues. I just think that the only thing I wanted to respond to was the comment of if you love taxes you will love the President's plan.

It seems to me once again that unless we forget the history we saw the decade of the eighties which was spend and borrow, and I mean there was no honesty about raising revenue to do what we said we needed to do as a Nation.

I think the reason there has been a tremendous amount of support for President Clinton's budget proposal, albeit people find some features of it they disagree with, they do not think it is smoke and mirrors. They think he is stepping up to the plate and if in fact we want to bring the deficit down and in fact one more time we say we are concerned about health care and education and children and cleaning up the environment and jobs training and jobs, we are going to have to be very honest where the revenue is going to come from. We cannot simply go into more debt.

And so the President has been talking about spending cuts. He has been talking about some investments we have to make now.

I find very few Minnesotans who do not agree with the President that we ought to make sure the children are immunized. I find very few Minnesotans who do not agree with the President that we ought to get serious about job training and investment in our economy.

Finally, the President has talked about raising the marginal rate for those Americans on the upper income end; I might add, the upper, upper income end. And I find that in Minnesota, most of the people that I meet on that end of the income spectrum say, "We are willing to do that if it is part of shared sacrifice, if it is part of bringing the deficit down, if it is part of the investment we need to make,

and if it is part of making this economy work for people."

So I just think that we get one view here from the minority leader, but I think it is decontextualized. I think it is, with all due respect, ahistorical. I think it does not go back to what the mess is that we are now trying to clean up.

Mr. President, I suggest the absence of quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. WELLSTONE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

MORNING BUSINESS

Mr. WELLSTONE. Mr. President, I ask unanimous consent that there now be a period for morning business, with Senators permitted to speak therein.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXECUTIVE SESSION

EXECUTIVE CALENDAR

Mr. WELLSTONE. Mr. President, I ask unanimous consent that the Senate proceed to executive session to consider the following nominations:

Calendar 22, Peter B. Bowman, to be a member of the Defense Base Closure and Realignment Commission;

Calendar 23, Beverly Butcher Byron, to be a member of the Defense Base Closure and Realignment Commission;

Calendar 24, James A. Courter, to be a member of the Defense Base Closure and Realignment Commission;

Calendar 25, Rebecca Gernhardt Cox, to be a member of the Defense Base Closure and Realignment Commission;

Calendar 26, Hansford T. Johnson, to be a member of the Defense Base Closure and Realignment Commission;

Calendar 27, Arthur Levitt, Jr., to be a member of the Defense Base Closure and Realignment Commission;

Calendar 28, Harry C. McPherson, Jr., to be a member of the Defense Base Closure and Realignment Commission;

Calendar 29, Robert D. Stuart, Jr., to be a member of the Defense Base Closure and Realignment Commission; and

Calendar 30, James A. Courter, to be chairman of the Defense Base Closure and Realignment Commission.

I further ask unanimous consent that the nominees be confirmed, en bloc, that any statements appear in the RECORD as if read, that the motions to reconsider be laid upon the table, en bloc, that the President be immediately notified of the Senate's action, and that the Senate return to legislative session.

The PRESIDING OFFICER. Without objection, it is so ordered.

The nominations considered and confirmed en bloc are as follows:

DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

Peter B. Bowman, of Maine, to be a member of the Defense Base Closure and Realignment Commission for a term expiring at the end of the first session of the 103d Congress.

Beverly Butcher Byron, of Maryland, to be a member of the Defense Base Closure and Realignment Commission for a term expiring at the end of the first session of the 103d Congress.

James A. Courter, of New Jersey, to be a member of the Defense Base Closure and Realignment Commission for a term expiring at the end of the first session of the 103d Congress. (Reappointment.)

Rebecca Gernhardt Cox, of the District of Columbia, to be a member of the Defense Base Closure and Realignment Commission for a term expiring at the end of the first session of the 103d Congress.

Hansford T. Johnson, of Texas, to be a member of the Defense Base Closure and Realignment Commission for a term expiring at the end of the first session of the 103d Congress.

Arthur Levitt, Jr., of New York, to be a member of the Defense Base Closure and Realignment Commission for a term expiring at the end of the first session of the 103d Congress. (Reappointment.)

Harry C. McPherson, Jr., of Maryland, to be a member of the Defense Base Closure and Realignment Commission for a term expiring at the end of the first session of the 103d Congress.

Robert D. Stuart, Jr., of Illinois, to be a member of the Defense Base Closure and Realignment Commission for a term expiring at the end of the first session of the 103d Congress. (Reappointment.)

James A. Courter, of New Jersey, to be Chairman of the Defense Base Closure and Realignment Commission. (Reappointment.)

LEGISLATIVE SESSION

Under the previous order, the Senate will resume legislative session.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. White, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session the Presiding Officer laid before the Senate messages from the President of the United States submitting a nomination which was referred to the Committee on Governmental Affairs.

(The nominations received today are printed at the end of the Senate proceedings.)

MESSAGES FROM THE HOUSE

At 11:52 a.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its reading clerks, announced that the House has passed the following bill, in which it requests the concurrence of the Senate:

H.R. 20. An act to amend title 5, United States Code, to restore to Federal civilian employees their right to participate voluntarily, as private citizens, in the political processes of the Nation, to protect such employees from improper political solicitations, and for other purposes.

At 1:20 p.m., a message from the House of Representatives, delivered by Mr. Hays, one of its reading clerks, announced that the House agrees to the amendment of the Senate to the bill (H.R. 920) to extend the emergency unemployment compensation program, and for other purposes.

At 3:56 p.m., a message from the House of Representatives, delivered by Mr. Hays, one of its reading clerks, announced that the House agreed to the following concurrent resolution, without amendment:

S. Con. Res. 12. A concurrent resolution to recognize the heroic sacrifice of the Special Agents of the Bureau of Alcohol, Tobacco and Firearms in Waco, Texas.

MEASURES REFERRED

The following measure, previously received from the House of Representatives for concurrence, was read, and referred as indicated:

H.R. 20. An act to amend title 5, United States Code, to restore to Federal civilian employees their right to participate voluntarily, as private citizens, in the political processes of the Nation, to protect such employees from improper political solicitations, and for other purposes; to the Committee on Governmental Affairs.

ENROLLED BILL SIGNED

At 2:28 p.m., a message from the House of Representatives, delivered by Mr. Hays, one of its reading clerks, announced that the Speaker has signed the following enrolled bill:

H.R. 920. An act to extend the emergency unemployment compensation program, and for other purposes.

The enrolled bill was subsequently signed by the President pro tempore [Mr. BYRD].

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. LOTT:

S. 499. A bill to amend title 18, United States Code, to provide mandatory life imprisonment for persons convicted of a third violent felony; to the Committee on the Judiciary.

By Mr. METZENBAUM (for himself, Mr. MACK, Mr. GRAHAM, Mr. LEAHY, Mr. WARNER, Mr. BINGAMAN, Mr. LOTT, Mr. KERREY, and Mr. WELLSTONE):

S. 500. A bill to provide that professional baseball teams and leagues composed of such

teams shall be subject to the antitrust laws; to the Committee on the Judiciary.

By Ms. MIKULSKI:

S. 501. A bill to repeal the mandatory 20 percent income tax withholding on eligible rollover distributions which are not rolled over; to the Committee on Finance.

By Mr. ROCKEFELLER (for himself and Mr. WOFFORD):

S. 502. A bill to amend the Tariff Act of 1930 to improve the antidumping and countervailing duty provisions, and for other purposes; to the Committee on Finance.

By Mr. D'AMATO:

S. 503. A bill to amend the Immigration and Nationality Act to provide that members of Hamas (commonly known as the Islamic Resistance Movement) be considered to be engaged in a terrorist activity and ineligible to receive visas and excluded from admission into the United States; to the Committee on the Judiciary.

By Mr. KOHL (for himself, Mr. HATCH, Mr. DECONCINI, Mrs. FEINSTEIN, and Ms. MOSELEY-BRAUN):

S. 504. A bill to amend section 924 of title 18, United States Code, to make it a Federal crime to steal a firearm or explosives in interstate or foreign commerce; to the Committee on the Judiciary.

By Mr. MCCONNELL (for himself, Mr. DOLE, and Mr. LUGAR):

S. 505. A bill to amend the Food Stamp Act of 1977 to identify and curtail fraud in the food stamp program, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. ROTH:

S. 506. A bill to continue until January 1, 1995, the suspension of duty on o-Benzl-p-chlorophenol; to the Committee on Finance.

S. 507. A bill to extend the existing temporary suspension of duty on fusilade; to the Committee on Finance.

S. 508. A bill to suspend temporarily the duty on 3- dimethylaminomethyleneiminiphenol hydrochloride; to the Committee on Finance.

S. 509. A bill to suspend temporarily the duty on N,N-dimethyl-N'-(3-((methylamino) carbonyl)oxy)phenyl)methanimidamide monohydrochloride; to the Committee on Finance.

S. 510. A bill to temporarily suspend the duty on Bendiocarb; to the Committee on Finance.

S. 511. A bill to suspend temporarily the duty on PCMX; to the Committee on Finance.

By Mr. KERRY:

S. 512. A bill to facilitate the providing of loan capital to small business concerns, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. BRADLEY:

S. 513. A bill to amend the Internal Revenue Code of 1986 to increase the excise taxes on tobacco products, and to use the resulting revenues to fund a trust fund for health care reform, and for other purposes; to the Committee on Finance.

By Mr. INOUYE:

S.J. Res. 57. A joint resolution to designate June 4 of each year as "National Midway Recognition Day"; to the Committee on the Judiciary.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. BURNS (for Mr. MACK (for himself, Mrs. FEINSTEIN, Mr. HELMS, Mr. GRAHAM, Mr. MCCAIN, Mr. DOLE, Mr. LIEBERMAN, and Mr. BURNS)):

S. Res. 76. A resolution urging the member nations of the United Nations Commission on Human Rights to support a resolution on human rights in Cuba; considered and agreed to.

By Ms. MOSELEY-BRAUN (for Mr. MITCHELL (for himself and Mr. DOLE)):

S. Res. 77. A resolution to authorize testimony and to authorize representation by the Senate Legal Counsel; considered and agreed to.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. LOTT:

S. 499. A bill to amend title 18, United States Code, to provide mandatory life imprisonment for persons convicted of a third violent felony; to the Committee on the Judiciary.

LIFE IMPRISONMENT FOR EGREGIOUS RECIDIVISTS ACT

Mr. LOTT. Mr. President, today, I am introducing legislation aimed at putting a dent in the Nation's violent crime problem. This bill is targeted at repeat offenders of violent felonies. I want to get these criminals off the streets for good.

This bill is very simple, very straightforward. It is called Life Imprisonment for Egregious Recidivists Act—or LIFER, for short.

LIFER would impose a mandatory life sentence on anyone convicted of a Federal violent felony if that person has two previous violent felonies—Federal or State—on his or her record. Sometimes there is really no better solution than locking the door and throwing away the key.

All the available evidence suggests that getting the most hard-core violent criminals off the street would substantially reduce the incidence of violent crime. Statistics tell us that 6 percent of all violent offenders commit a full 70 percent of all violent crimes. And there is a 76-percent recidivism rate among those with three or more incarcerations.

Again, I am proud to introduce this bill in conjunction with Representative BOB LIVINGSTON in the House, and I also urge that all 50 States pass similar legislation affecting violent transgressors of State law.

The LIFER bill very simply is three strikes and you are out.

I urge my colleagues to look at this legislation.

By Mr. METZENBAUM (for himself, Mr. MACK, Mr. GRAHAM, Mr. LEAHY, Mr. WARNER, Mr. BINGAMAN, Mr. ROBB, Mr. LOTT, Mr. KERREY, and Mr. WELLSTONE):

S. 500. A bill to provide that professional baseball teams and leagues composed of such teams shall be subject to the antitrust laws; to the Committee on the Judiciary.

PROFESSIONAL BASEBALL ANTITRUST REFORM ACT OF 1993

Mr. METZENBAUM. Mr. President, I rise today to introduce legislation that would remove the blanket exemption from the antitrust laws that major league baseball currently enjoys.

This legislation—cosponsored by Senators MACK, GRAHAM, LEAHY, WARNER, WELLSTONE, BINGAMAN, ROBB, LOTT, and KERREY of Nebraska—is long overdue.

The game of baseball has been a national treasure for over a century. But baseball is also a big business that does not need special treatment under the antitrust laws. And baseball's owners certainly do not deserve the privilege of being exempt from laws which other businesses—including all other professional sports—must follow.

Baseball is a $1.5 billion a year business and many of its teams are owned by or affiliated with some of America's largest corporations. The business deals of baseball's barons do not just affect the price of a ticket or the cost of a hot dog at the stadium. They also affect things like the taxes paid by the public, the economic well-being of local communities, the size of a consumer's cable bill, and the educational and career choices of thousands of young men in this country. And yet these deals—even if they hurt consumers or harm competition—are completely exempt from scrutiny under our Nation's fair competition laws.

I believe it is time to change that—and that is why I am introducing this bill. This bill is not designed to punish the owners or threaten baseball. I believe that revoking baseball's antitrust exemption is in the best interest of the public, the fans, and the sport of baseball.

The antitrust exemption granted to baseball over 70 years ago by the Supreme Court was rooted in sentiment rather than logic. Justice Holmes, one of our Nation's most revered justices, writing for the Court in the 1922 Federal Baseball case, held that the antitrust laws did not apply because baseball could not be considered interstate commerce.

Today, few scholars are willing to defend Justice Holmes' opinion. Most legal experts share the view expressed by the former chief judge of the Second Circuit Court of Appeals, Henry Friendly, who stated that the Federal Baseball case "was not one of Mr. Justice Holmes' happiest days." The Supreme Court itself has questioned the Holmes ruling, calling it "an aberration" and "an anomaly," but it has refused to overturn the decision.

The Court, however, has suggested that Congress should act. In 1971, the last time this issue came before the Justices, the Court stated that "if there is any inconsistency or illogic in

all this, it is an inconsistency and illogic of long standing that is to be remedied by the Congress and not by the Court."

The bottom line is this: As a legal matter, the basis for baseball's antitrust exemption is insupportable. The question is whether there is some overriding policy reason to continue to allow baseball to be totally exempt from the antitrust laws. At a hearing in December held by my antitrust subcommittee on this issue, former baseball Commissioner Fay Vincent stated that baseball's antitrust exemption should be retained only if "the owners can justify the privilege of the special status the exemption affords."

I agree with Mr. Vincent that baseball's owners must show that the exemption is in the public interest. And I have come to the conclusion that the owners have failed to meet that burden.

Baseball's owners are not acting like privileged stewards who use their special status under the law to protect the interests of the fans and preserve the vitality of our national pastime. Instead, they are acting more like selfish barons of a billion-dollar business which they believe belongs to them exclusively.

For example, the ouster of Fay Vincent was a clear signal that any baseball commissioner who placed the best interests of the sport ahead of the financial interests of the owners would be out of a job. Chicago White Sox owner Jerry Reinsdorf, one of the key participants in Vincent's ouster, stated that the job of the next baseball commissioner will be to "run the business for the owners, not the players or the umpires or the fans."

There the issue is summarized entirely. Baseball wants to be exempt from the laws. They want to be exempt from the edicts of their own commissioner.

The owners now tell us that they want a strong commissioner. Sure, because they hear that there may be some action in the Congress with respect to their antitrust exemption. But their actions speak louder than their words. Although they said they would move quickly to pick a new commissioner, they are nowhere close to picking a replacement for Fay Vincent. Although they said that by November 1 of last year they would redefine the duties and powers of the commissioner's office, they still have not met that deadline. So it is critical to watch what the owners do, and not what they say. As one sportswriter commented: "The reason the owners don't have a strong commissioner now—or any commissioner—is because they fired the last one because he was acting too strong."

Vincent's ouster was the latest in a series of events signaling that the direction and future of major league baseball are going to be dictated solely by the business interests of the owners. In recent years, a number of owners have threatened to leave their home cities and desert their loyal fans, unless the public subsidized the costs of new stadiums. The players—especially the minor league players—have been forced to accept restrictions on their mobility as a condition of employment. Fans in some cities cannot follow their teams closely unless they are willing to pay for expensive cable TV channels. And some baseball owners use accounting gimmicks and transfer-pricing schemes to understate their profits in order to increase their leverage in negotiations with the players, the cities and, ultimately, the fans.

Clearly, the baseball owners do not shrink from playing the kind of financial hardball you see in other businesses. That is why I believe the owners should be required to play by the same antitrust rules that apply to other businesses.

Baseball's owners will try to argue that removal of the exemption will throw the sport into chaos. Do not believe it. At the hearings held by the Antitrust Subcommittee, Fay Vincent testified that, "Baseball is not seriously dependent on the continuation of the antitrust exemption." He stated that, "The antitrust immunity baseball enjoys is not essential either to the economic health or the legal integrity of the game."

No other professional sport has a blanket exemption from the antitrust laws. For example, both pro football and pro basketball are subject to the antitrust laws. Each of those sports currently enjoys better labor relations and greater economic stability than baseball. The irony is that in both instances, improved stability and better labor relations came about as a result of antitrust lawsuits filed against the leagues by the players. The antitrust suits forced the leaders of football and basketball to restructure their labor relations and financial arrangements in a manner that worked to the benefit of the fans and the long-term interest of those sports.

That is a crucial point. The baseball owners are a legally-sanctioned cartel which cannot be held accountable for conduct which hurts consumers or harms competition. Giving the baseball owners free rein to decide what is in the best interests of the game is like giving the members of OPEC free rein to set world energy policy.

Unless there is some form of accountability, the interests of the cartel will always take precedence over the public interest.

I believe the time has come for the public to take back its national pastime. And the first step toward doing that is to put major league baseball on the same legal footing as other professional sports and other billion-dollar businesses. Subjecting baseball to the pro-competitive and pro-consumer tests of our antitrust laws will impose true accountability on baseball's owners.

Let me address the chief argument which baseball makes in support of the exemption. At the Antitrust Subcommittee hearing, Bud Selig, who is the owner of the Milwaukee Brewers and the chairman of baseball's executive council, testified that application of the antitrust laws would render baseball impotent to stop franchise relocations. In other words, baseball argues that the exemption promotes franchise stability, but that lifting it would prompt team owners to desert their loyal fans and move to greener pastures for bigger bucks and better stadium deals. This argument distorts both the facts and the law. It really is nothing but an overblown scare tactic.

Look at the facts. History does not suggest that baseball's antitrust exemption leads to greater franchise stability. Baseball's overall record on franchise migration is no better than the record compiled by the other three major sports—football, basketball, and hockey, all of which are subject to the antitrust laws. Many teams have moved during the 70 years in which the exemption has been in effect, and a number of other teams have threatened to move. Taxpayers in a number of cities have been forced to cough up millions of dollars in public subsidies in order to keep their team from moving.

The owners also have distorted the law by suggesting that the antitrust laws do not permit a sports league to impose reasonable restrictions on franchise relocations. They point to the fact that the Oakland Raiders brought a successful antitrust challenge against the NFL's effort to stop their movement to Los Angeles. But the baseball owners have misrepresented the Raiders case. The court which decided that case has made it clear that the antitrust laws do permit a sports league to impose reasonable restrictions on franchise relocation. Even Fay Vincent admitted that if the antitrust laws applied, the owners "could construct approval conditions and terms under which baseball could prevent migration [in a manner] that would be legally valid."

Moreover, the evidence suggests that baseball's antitrust exemption actually promotes franchise instability. A number of witnesses who testified before the Antitrust Subcommittee stated that the baseball owners deliberately maintain an artificial scarcity of franchises in order to maximize team revenues and maintain their leverage with the cities. A scarcity of franchises inflates the resale value of existing teams and increases each owner's share of baseball's national broadcasting revenue. It also enables owners to squeeze

concessions and subsidies from their home cities by threatening relocation to another city which is eager for a franchise.

Fans in Tampa Bay, Washington, DC, Phoenix and other communities are eager to have the national pastime played in their city. But it is more profitable for the owners to threaten relocation to these cities than it is to expand and put new teams in those communities. As a result, fans in those cities are still without baseball—not because they are incapable of supporting a team but because the owners would rather use them as bargaining chips.

If baseball were subject to the antitrust laws, the owners would not be allowed to maintain an artificial scarcity of teams for anticompetitive or anticonsumer reasons. Lifting baseball's antitrust exemption should lead to greater franchise stability and put major league baseball in more cities. Instead of threatening to move existing teams to open cities, major league baseball will look to fill those markets with new teams.

The bottom line is this: removing baseball's antitrust exemption should encourage more expansion, improve relations with the players, discourage owners from putting most or all of their games on expensive pay TV channels, and spur better decisionmaking about the direction and future of the game.

Nevertheless, this will be an uphill battle. The owners will—as they always have—come before us and plead that baseball continues to deserve its special treatment under the law. There also will be threats—sometimes implicit, sometimes explicit—that changing baseball's antitrust status will mean that some legislators will see teams in their cities and States move to other areas.

I think it is time for Congress to wake up and recognize that baseball is a billion-dollar business that is no longer worthy of special treatment under the law. Indeed, Mr. President, it is becoming apparent that the financial interests of the owners and the best interests of the sport and the fans are often in conflict with one another.

The public wants more teams, but the owners want to hold down the number of franchises. The sport needs labor stability, but the owners seem intent on forcing a showdown with labor. The public wants to see more games on free TV, but the owners continue to move games to cable. The sport needs a strong commissioner, but the owners' actions indicate they want a weak commissioner.

Baseball's 28 owners can no longer be entrusted with sole stewardship of our national pastime. The time has come to impose a measure of accountability on the owners, by making them subject to the same rules as every other sport and every other business in America. The time has come to remove baseball's antitrust exemption.

Mr. President, I ask unanimous consent that the text of the bill and questions and answers be printed in the CONGRESSIONAL RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 500

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Professional Baseball Antitrust Reform Act of 1993".

SEC. 2. FINDINGS.

The Congress finds that—

(1) the business of organized professional baseball is in, or affects, interstate commerce; and

(2) the antitrust laws should be amended to reverse the result of the decisions of the Supreme Court of the United States in Federal Baseball Club v. National League, 259 U.S. 200 (1922), Toolson v. New York Yankees, Inc., 346 U.S.C. 356 (1953), and Flood v. Kuhn, U.S. 258 (1972), which exempted baseball from coverage under the antitrust laws.

SEC. 3. APPLICATION OF ANTITRUST LAWS TO PROFESSIONAL BASEBALL.

The Clayton Act (15 U.S.C. 12 et seq.) is amended by adding at the end the following new section:

SEC. 27. Except as provided in Public Law 87–331 (15 U.S.C. 291 et seq.) (commonly known as the Sports Broadcasting Act of 1961), the antitrust laws shall apply to the business of organized professional baseball."

SEC. 4. EFFECTIVE DATE.

The provisions and amendments made by this Act shall take effect one year after the date of the enactment of this Act and—

(1) shall apply to conduct that occurs and any agreement in effect after such effective date; and

(2) shall not apply to conduct that occurred before such effective date.

QUESTIONS AND ANSWERS REGARDING MAJOR LEAGUE BASEBALL'S ANTITRUST EXEMPTION

1. What is the basis for Major League Baseball's blanket exemption from the antitrust laws?

The exemption was granted to baseball over 70 years ago, in the case of *Federal Baseball Club of Baltimore* v. *National League of Professional Baseball Clubs*. Justice Holmes, writing for the Court, held that the antitrust laws did not apply because the business of baseball could not be considered interstate commerce. Baseball clearly is interstate commerce, so the legal basis for the Holmes ruling is erroneous. The Court itself stated in 1971, in the case of *Flood* v. *Kuhn*, "Professional baseball is a business and it is engaged in interstate commerce."

2. If the legal basis for the exemption is faulty, why does it continue to be in place?

While the Supreme Court has called the *Federal Baseball* case "an aberration" and "an anomaly," it has refused to overturn the decision. The Court has justified its inaction by stating that baseball has relied on the precedent established in the 1922 decision. But the Court has strongly suggested that Congress should act. In 1957, 35 years after the *Federal Baseball* decision, the Court stated that

"Were we considering the question of baseball for the first time upon a clean slate we would have no doubts. But Federal Baseball held the business of baseball outside the scope of the [antitrust laws] * * *. We therefore conclude that the orderly way to eliminate this error, if there be any, is by legislation and not by Court decision."

The last time the Court considered this issue, in the 1971 case of *Flood* v. *Kuhn*, it stated that "if there is any inconsistency or illogic in all this, it is an inconsistency and illogic of long standing that is to be remedied by the Congress and not by the Court."

3. Has Congress ever acted to remove baseball's antitrust exemption?

In the last four decades, a number of bills aimed at overturning baseball's antitrust exemption have been introduced, but neither the full House nor the full Senate have ever acted on such a proposal.

In 1976, the House Select Committee on Professional Sports issued a report finding that "adequate justification does not exist for baseball's special exemption from the antitrust laws and its exemption should be removed."

4. Does any other professional sport enjoy a blanket exemption from the antitrust laws?

No. The Court has expressly declined to extend the exemption to other professional sports, such as football, basketball, and boxing. And the Court has stated that it is "unrealistic, inconsistent, and illogical" to treat baseball differently from other professional sports—which are subject to the antitrust laws.

5. Does baseball need the exemption?

Three months ago, former Baseball Commissioner Fay Vincent testified that "Baseball is not seriously dependent on the continuation of the antitrust exemption." The owners do not need the exemption to engage in joint agreements which are reasonable or which preserve or strengthen the sport without harming consumers or competition. That's why the other professional sports are able to function effectively, even though they do not enjoy a blanket exemption from the antitrust laws.

6. What is the relationship between the exemption and the authority of the Commissioner's office?

In recent years, Congress has tolerated baseball's privileged treatment under the antitrust laws in part because the Commissioner of baseball had independent authority to place the best interests of the sport ahead of the business interests of the owner, in instances in which those two interests might be in conflict. Former Commissioner Fay Vincent recognized that there had to be some kind of an internal check on the ability of the owners to abuse of their special privilege under the antitrust laws. Commissioner Vincent testified to the Antitrust Subcommittee that "Only a strong Commissioner acting in the interests of baseball, and therefore the public, can protect the institution from the selfish and myopic attitudes of owners."

Vincent's ouster suggests that the owners no longer want a strong Commissioner with independent authority to place the interests of the sports and the fans ahead of the financial interests of the owners. Chicago White Sox owner Jerry Reinsdorf, one of the key participants in Vincent's ouster, stated the job of the next baseball commissioner will be to "run the business for the owners, not the players or the umpires or the fans."

In short, the owners seem poised to abandon the notion that their special status under the law imposes upon them an obligation to put the public interest ahead of their

financial interest. Fay Vincent testified that: "The existing antitrust exemption for Major League Baseball should be retained only so long as baseball can persuade [Congress] that it is a unique institution with special public interest obligations and not merely another business * * *. If the owners of baseball continue on their stated course of making baseball into their business and at the same time insist that the Commissioner is their CEO to be fired at will, I would no longer support the preservation of the exemption."

7. What does the exemption enable baseball to do?

In essence, the exemption allows the owners to engage in conduct which may be anticompetitive or anti-consumer without fear of antitrust exposure. For example, a number of witnesses at a hearing held by the Antitrust Subcommittee testified that the baseball owners have deliberately held down the number of franchises in order to reap monopoly profits and to maximize their bargaining leverage with the players and the cities. If the baseball owners were engaging in such conduct while subject to the antitrust laws, they would run the risk of an antitrust challenge.

The baseball owners also agree among themselves to divide markets and allocate territories for local television broadcasting. In some instances, these territorial allocations are exclusive. For example, the Red Sox have the exclusive right to show their games on local television stations in four New England States. In other instances, these territorial agreements limit the number of teams who can sell games to local stations in a particular state. For example, only the Houston Astros and the Texas Rangers can sell games to local TV channels in Texas and Louisiana. In essence, the baseball owners are agreeing among themselves to divide markets and limit output in an apparent effort to maximize their revenues from broadcasting. It is certainly a tremendous advantage for the owners to be able to engage in these kind of agreements without fear of antitrust exposure.

8. How does the exemption affect relations with the players?

Up until the mid-1970s, baseball needed the exemption in order to preserve the validity of the reserve clause. The reserve clause bound a player to the team which first signed him for the duration of his baseball career. In essence, the reserve clause was an agreement among the owners not to compete in the market for player services. Generally, such agreements would not pass muster under the antitrust laws.

While a portion of major league players (those with more than 6 years experience) can become free agents, the bulk of big leaguers still have no opportunity to offer their services in a free market. Because these restrictions on the mobility of major leaguers are now included in the current collective bargaining agreement with the players, they would not be subject to challenge under the antitrust laws.

However, the current labor agreement expires at the end of this year. If the owners and the players fail to reach an agreement, the owners could unilaterally impose restrictions on player mobility that would limit the competition for player services and thus probably run afoul of the antitrust laws. However, because of the exemption, the baseball players—unlike the football or basketball players—would have no ability to challenge the restrictions under the antitrust laws. Their only recourse against unreasonable restrictions on player mobility would be a strike. Thus, the antitrust exemption makes labor negotiations between the owners and the players more confrontational than they might be otherwise. That helps to explain why there has been a work stoppage (either a lockout or a strike) in baseball during every labor negotiation in the last five years.

The exemption also protects the severe restrictions on player mobility imposed upon minor leaguers. A player drafted out of high school can be bound to the same major league farm system for up to six years. So if a big league club is talent-rich at a particular minor league player's position, or if the player's development is being poorly handled by a particular club, that player still cannot move to another team's farm system. Removing the antitrust exemption should give minor league players a bit more freedom to move to farm systems that can best use their talent.

9. Why is lifting the exemption in the public interest?

Lifting the exemption will make the baseball owners more accountable to the public. Subjecting baseball to the antitrust laws means that the owners can be held accountable if they make joint decisions which hurt competition or harm consumers. That means the owners will have a legal obligation to take into account the impact of their business decisions on the players, the cities, and the fans.

Revoking baseball's antitrust exemption should help spur expansion and discourage the owners from using relocation threats in order to obtain taxpayer-financed subsidies from their home cities. A number of witnesses testified to the Antitrust Subcommittee that baseball's owners deliberately maintain an artificial scarcity of teams in order to maximize revenue and maximize their leverage with the cities. Fans in cities such as Tampa, Washington, D.C., and Phoenix, are without a big league club—not because they are incapable of supporting a team—but because it is in the collective financial interest of the owners to use those cities as bargaining chips in their negotiations with their home cities.

If baseball were subject to the antitrust laws, the owners would not be allowed to maintain an artificial scarcity of teams for anti-competitive or anti-consumer reasons. Lifting baseball's antitrust exemption should lead to greater franchise stability and put major league baseball in more cities. Instead of threatening to move existing teams to open cities, major league baseball will look to fill those markets with new teams.

In addition, lifting the exemption raises the possibility that a competing league may develop. Right now, no investor in his right mind would put up money to compete against an unregulated monopoly which has an antitrust exemption. And a competing league would need to draw from the pool of talent in the minor leagues, but the antitrust exemption prevents the minor league players from negotiating with a competing league. The possibility of competition should encourage further expansion, and spur better long-term decision-making by baseball's leadership.

Removing the exemption also should foster more stable labor relations. As noted above, the antitrust exemption exacerbates the tendency of the owners and players to be confrontational in labor negotiations. A work stoppage is more likely in baseball than in the other sports because the players have no opportunity to bring an antitrust challenge against the restrictions on their mobility imposed by the owners. The owners have no reason to fear an antitrust suit, so their incentive to compromise is diminished; meanwhile, a strike is the players' only option if the owners seek to unreasonably limit competition for player services.

By contrast, both football and basketball—which are subject to the antitrust laws—currently enjoy better labor relations and greater economic stability than baseball. The irony is that in both instances, improved stability and better labor relations came about as a result of antitrust lawsuits filed against the leagues by the players. The antitrust suits forced the leaders of football and basketball to restructure their labor relations and financial arrangements in a manner that worked to the benefit of the fans and the long-term interests of those sports.

Lifting the exemption also should discourage the owners from placing most or all of their games on expensive pay TV channels. As noted earlier, the baseball owners have agreed among themselves to divide markets and allocate territories for local broadcasting of games. The owners say these restrictions are in the fans' best interest, but the Consumer Federation of America has suggested that they may be hurting fans. For example, these territorial restrictions hike the value of local broadcast contracts, and thus give the edge to cable channels which, unlike broadcast stations, have a dual revenue stream (i.e., they get income from both advertisers and cable subscribers). In addition, these restrictions allow a team owner to move games to more expensive and less accessible cable TV channels without fear of competition. When George Steinbrenner sold all of the Yankee games to a cable TV channel in New York, he didn't have to worry that a free TV station might try to compete with him by putting together a package of American League games for the benefit of fans who don't have access to or can't afford cable.

If these territorial restrictions do in fact reduce the availability of games to a substantial segment of fans, or unreasonably increase the cost of viewing the games, they could be challenged under the antitrust laws. That means the owners would be much more careful about raising prices for fans by moving a substantial chunk of games onto expensive, pay cable channels.[1]

10. Would lifting the exemption cause a rash of franchise movements?

No. If baseball were subject to the antitrust laws, the owners could still place reasonable restrictions on franchise relocation.

Some observers point to the fact that the Oakland Raiders brought a successful antitrust challenge against the NFL's effort to stop their movement to Los Angeles. But it is wrong to suggest that the Raiders case means that a sports league is powerless to prevent franchise relocations.

The 9th Circuit Court of Appeals—which approved the Raiders' move—has stated that "Neither the jury's verdict in the Raiders case, nor the Court's affirmance of that ver-

[1]The bill I am introducing does not overturn the 1961 Sports Broadcasting Act. That law provides the four major professional sports leagues with an antitrust exemption for the purpose of negotiating a national TV package with any of the free, over-the-air TV networks. But the 1961 Act does not apply to local TV contracts, and it was not intended to shield from antitrust scrutiny TV contracts—either national or local—with cable channels. It is the TV contracts with cable channels which are causing the most concern among fans. Removing baseball's blanket antitrust exemption will mean that those deals can be subject to antitrust review.

dict, held that a franchise movement rule, in and of itself, was invalid under the antitrust laws." The court went on to say that "a careful analysis of the Raiders case makes it clear that franchise movement restrictions are not invalid as a matter of law." Former Commissioner Fay Vincent testified at the Antitrust Subcommittee hearing that even if the antitrust laws applied, "it is likely that baseball in the area of franchise migration could construct approval conditions and terms under which baseball could prevent migration [in a manner] that would be legally valid." Indeed, sports leagues which are subject to the antitrust laws have been able to stop franchise relocations in the aftermath of the Raiders case: the NFL's Philadelphia Eagles were prevented from moving to Phoenix, and the NHL's St. Louis Blues were stopped from moving to Saskatoon, Saskatchewan.

Mr. GRAHAM. Mr. President, I am pleased today to be an original cosponsor of the Professional Baseball Antitrust Reform Act of 1993, the legislation that our colleague, Senator METZENBAUM, has just introduced.

To give a little history, Mr. President, in 1922, in a case entitled Federal Baseball Club of Baltimore, Inc. versus National League of Professional Baseball Clubs, the Supreme Court ruled that major league baseball was not interstate commerce and therefore was exempt from the Sherman Antitrust Act. At that time, baseball was considered a game, not a business.

This court-created exemption was never put into law by Congress or expanded to other professional sports. The 1922 decision on baseball is part of the American psyche. It is just like apple pie. Baseball holds a unique public trust, and since the ruling, has been untouched by Federal antimonopoly laws.

Mr. President, the rationale for baseball's antitrust exemption is gone. In 1922, Justice Oliver Wendell Holmes said baseball games were "purely State affairs"—teams traveled to other States for games, but this was not enough to equal interstate commerce.

Fifty years later, however, the Supreme Court ruled that professional baseball is a business engaged in interstate commerce, but upheld the antitrust exemption.

Today, major league baseball is a vast, complex organization of multimillion dollar franchises, broadcast rights, and concession deals. If it talks, walks, and looks like interstate commerce, then it must be interstate commerce.

Professional baseball, the great American pastime, no longer deserves a place on the legal pedestal for the following reasons:

The arrogant and self-serving manner in which major league baseball has handled expansion and relocation disqualifies the owners from special exemption.

Many communities, Mr. President, can cite their own example—this community, the District of Columbia, Phoenix, and Buffalo, to mention three. I want to talk about the experience of the community that I know well: Tampa Bay.

Major league baseball has continued to shun, to tease, and to lead the Tampa Bay area to believe a major league baseball team is on the way. The baseball-hungry Tampa Bay area—probably the Nation's most attractive market without a team—played by the rules to get a franchise. Tampa Bay was jilted.

Owners of the San Francisco Giants, frustrated by setbacks, put the franchise up for sale. Baseball's commissioner sent signals that the Giants could be relocated.

Investors from the Tampa Bay area offered $115 million for the Giants. A California group offered $100 million, a group which was largely put together by the current owners of major league baseball. Major league baseball forced the owner of the Giant to reject the higher offer from Tampa Bay and accept the lower offer from the San Francisco group.

The San Francisco community has been asked on four occasions to build a new stadium to replace what, by all standards, is the least adequate major league baseball park in America. On four occasions, voters in the San Francisco Bay area have said, no, they would not support the building of a new stadium. San Francisco's attendance answer has dropped by 25 percent since 1989. Last year, it had the second lowest attendance per game in the National League.

In that context, the Tampa Bay community has sold more than 30,000 season tickets for their new team in a modern stadium. In spite of that, major league baseball rejected Tampa Bay's higher offer, using its antitrust exemption as the basis of doing so.

But the treatment of communities that are able and desirous of having major league franchises is not the only reason why the antitrust exemption has become an anachronism.

The poor handling of baseball commissioner Fay Vincent also disqualifies the owners from its antitrust exemption. I think it is significant that at the time Oliver Wendell Holmes was ruling that major league baseball was exempt from the antitrust exemption was also the time baseball was going through its greatest crisis—the Black Sox scandal of 1919. As a result of that scandal, major league baseball established a strong independent commissioner's office.

Mr. President, installed in that position, was probably the strongest commissioner any professional sport has had in the history of American athletics, Judge Kenesaw Mountain Landis. It was in that context of a strong independent commissioner who was representing the public interest that Oliver Wendell Holmes ruled that baseball was not subject to the normal rules of commerce.

Well, today, that commissioner's office has been largely eviscerated. The commissioner who most recently attempted to make strong decisions, Fay Vincent, was fired, because he was found to be not making decisions that were in the best interest of the owners, even though they were in the best interest of the sport of baseball.

In the meantime, the owners have continued to stall in the appointment of a new commissioner. I will submit for the RECORD a news item from today's New York Times about an even further delay in the appointment of a major league commissioner.

Third, Mr. President, the executive committee's handling of the Marge Schott incident is a glaring indication of the owner's inability to police themselves without a strong commission. One of the most respected sport columnists in America, Tom Boswell, in an article entitled "Crime and No Punishment," written for the Washington Post, February 4, 1993, thoughtfully reviewed this incident. According to Boswell, "She (Marge Schott) handed baseball a perfect chance to take a stand and make progress in one of its weakest areas." But the owners blew it.

As Boswell pointed out, "a real commissioner would have known it." But the owners were too arrogant to want a real commissioner. They are not interested in the best interests of baseball. They are interested in the best interests of themselves.

Mr. President, major league baseball has had at least three strikes. It has missed the ball. For these reasons, our legislation revisits the issue of the exemption. Our bill reverses the Supreme Court decision, and in doing so, the legislation which we are introducing today applies the Federal antitrust law to organized professional baseball.

It is interesting that Justice Holmes, in a law review article which preceded the baseball decision, speaking on the general principles of jurisprudence, articulated the best reason for our legislation when he said:

> It is revolting to have no better reason for a rule than it was laid down in the time of Henry IV. It is still more revolting if the grounds upon which it was laid down have banished long since and the rule simply persists for blind imitation of the past.

That is what we have—blind imitation of the past in a sport which no longer needs or justifies the antitrust exemption.

Mr. President, I am pleased to join Senator METZENBAUM and others, including my colleague Senator MACK, in this legislation which will repeal this anachronism.

Mr. President, I ask unanimous consent to print in the RECORD an item from the New York Times of today and the article referred to in my statement from the Washington Post of February 4.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

CHOICE OF COMMISSIONER MOVES TO BACK BURNER

(By Murray Chass)

PHOENIX, March 3.—Six months to the day after they asked Fay Vincent to resign as commissioner, major league club owners gathered today amid a growing movement among them to delay the selection of a new commissioner until they have negotiated new labor and television contracts.

The owners did appear to be making progress on at least one front. At a joint session of all 28 owners Thursday, they were scheduled to discuss a proposal by Richard Ravitch, their chief labor executive, to share all of their financial information with one another.

If the owners approve the proposal, which they are expected to do, it would mark a significant step in Ravitch's effort to achieve a major revenue sharing agreement among the clubs. Ravitch has told the owners that the players union will never agree to the salary cap the owners want to implement if they don't increase the amount of revenue they share among themselves.

A LOW-KEY DEBATE

A timetable for the selection of a commissioner has not been a topic of discussion at any of the seven owners meetings in the last six months. The debate has been conducted on an informal, low-key basis because no owner wants to be on record as pushing for the status quo, the absence of a commissioner.

Bud Selig of the Milwaukee Brewers, the man acting in place of a commissioner, said today that "there are people who have different opinions" on the selection of a successor to Vincent, but he declined to elaborate.

"We have a search committee in place that is doing its work and will continue to move forward," he said. "The committee is meeting this evening."

Another club official, who spoke on the condition that he not be identified, explained the thinking of the owners who favor a delay. A commissioner, he said, could only impede the clubs' efforts to achieve the kind of labor agreement they want and also interfere with the work of the three-man owners committee negotiating new television contracts, which expire after this season.

"More and more owners are understanding this," the official said.

GETTING PRIORITIES STRAIGHT

Ravitch doesn't have a vote on the selection of a commissioner, but he has been quoted by owners as telling them that they have to determine their priorities. If their first priority is to gain the kind of labor agreement they think is necessary to the economic well-being of baseball, Ravitch has told the owners, they should move ahead on that front.

If the owners decide to wait on choosing a commissioner, they probably will further arouse the ire of members of Congress who have been threatening to take action against baseball's antitrust exemption. It was the owners' ouster of Vincent in September that caught the attention of some Congress members and prompted a hearing of a Senate committee into the exemption in December, and today an aide for Senator Howard M. Metzenbaum, Democrat of Ohio, said Metzenbaum will introduce legislation Thursday aimed at ending baseball's antitrust exemption.

The aide, Nancy Coffey, said that Metzenbaum's position was that "baseball should play by the same laws as all other American businesses, including the three other major professional sports leagues."

Metzenbaum is chairman of the Senate judiciary subcommittee on antitrust, monopolies and business rights.

On the revenue-sharing front, Ravitch met last week with chief financial officers of all teams in his move to convince owners of the necessity of sharing financial information. One person who attended the meeting said Ravitch told them that everything would have to be disclosed, including side deals and all related transactions, such as the agreement the Atlanta Braves have with WTBS, the cable channel that is owned by Ted Turner.

A NEW ECONOMIC RELATIONSHIP

Owners have always been reluctant to let one another know their financial picture. The only time they have shared such information was in 1985, when Peter Ueberroth, then the commissioner, induced them to do it as part of labor negotiations. As developments later showed, the opening of clubs' books led to the owners' three-year period of collusion against free agents.

At the owners' previous meeting, here on Feb. 17, they established, in a unanimous vote, "linkage" between revenue sharing on their part and a salary cap on the players' part. The owners saw the vote as a major step toward forging a new economic relationship with the players.

In another matter, the executive council met today and discussed the restructuring report, which defines the role of the commissioner. The owners, as a group, will not receive the report until the council passes it on, with or without recommendations.

[From the Washington Post, Thursday, Feb. 4, 1993]

CRIME AND NO PUNISHMENT

(By Thomas Boswell)

Baseball dropped the big one on Marge Schott yesterday. The sport's Executive Council fined her $25,000—or about five innings worth of beer sales in Riverfront Stadium—and told her that she'll have to watch games in the upper deck executive suites next season, not the lower deck owner's box.

That's it, folks. That's the big punishment. Marge has to take the elevator up an extra floor. She'll just have to sit in those awful air-conditioned suites with the closed-circuit TVs and the waiters. She won't be able to sit in the box seats and sweat with the common people.

This isn't even a slap on the wrist. It's a kiss on the back of Schott's hand from a spineless group of owners, led by invertebrate Bud Selig, because they were too gutless to stand up to Schott's high-powered lawyer.

Hopefully Mrs. Schott, the queen of gall, will never again say that she has been bullied and discriminated against by baseball's male owners. She couldn't have been treated more like a member of their white male club if she belched.

"I know Marge is laughing all the way to wherever it is she's going," said Atlanta Braves Senior Vice President Hank Aaron last night. "She won this one. I'm very much disappointed. * * * [This] just gives everybody else, the owners, the right to do and say what they want. Nobody is going to attack one of their own peers. It's a country club. It sends out a message that we're still living in a * * * world where blacks are treated no better than 20 or 30 years ago."

Yes, this is what you get in baseball for allegedly admitting to racial and ethnic remarks against blacks and Jews. That's what baseball—our all-American sport—does to owners who keep swastikas at home with the Christmas ornaments and who tell the New York Times that "Hitler was good in the beginning" but "went too far."

Baseball will tell you that Schott was fined and suspended from the game for a year. Try not to get nauseous, especially when your read Selig's hypocritical comments: "There should be no question that the type of language commonly used by Mrs. Schott is offensive and unacceptable. There is simply no place for this in major league baseball."

Anybody with good common sense will tell you the simple truth of this sleazy deal. Schott hired an expensive Washington lawyer, threw a 200-page volume of red herrings and counter charges at the Executive Council and threatened to sue if she didn't get off very, very lightly.

Selig and his fellow Fire Fay plotters have no feeling for the symbolic place of their game in American culture or for the need to defend the powers of the commissionership on issues of moral leadership. Schott's mouthpiece wouldn't even have had a fig leaf to protect him in court. Five years ago the Supreme Court ruled, in the (former UNLV basketball coach) Jerry Tarkanian case against the NCAA, that private organizations can generally discipline their members any way they see fit without due process. Schott signed the major league agreement. It says you act right or get kicked out of the club. Owners have been suspended or forced to sell their clubs for everything from gambling to tax evasion to giving illegal campaign contributions to merely tampering with another team's player.

Baseball just didn't have the stomach for a fight, even one it couldn't have lost even if Jerry Reinsdorf had been lead counsel. Too much aggravation. Sorry, we have to go back to making money. Short of saying, "We're sorry, Mrs. Schott, you were the wronged party" baseball couldn't have done less.

Executive Council Chairman Selig, a key player in ousting former commissioner Fay Vincent, surpassed himself for wishywashiness. He could have fined Schott $250,000; she adores money. She sometimes makes her players pay for balls they flip to fans. If you want to cause her small mind pain, reach in her purse. So Selig nicked her for 10 percent of the top fine. What do you have to do to get hit for six figures around here?

As for the "suspension," here's the truth.

It's not suspension.

It's nothing.

To Marge Schott, owning a baseball team means only two things: Making at least $10 million a year, and getting to come to the games with her St. Bernard so she can wander around like a big Schott and cheer.

Next year, Schott will make her $10 million. She doesn't know first base from third base. But she knows that anybody who works for her and spends her nickels excessively gets fired. From a financial point of view, suspension means nothing. Whoever runs the team knows that, unless he worships Marge's bottom line, he'll be fired the day she gets back. And when will she get back? She can apply for November 1 reinstatement. Hard time: 8 months. If she doesn't get caught wearing a white sheet, she has a heck of a shot.

The tiptopper on this shame is that she can come to every game. Her lawyer plea bar-

gained that one for her. In other words, he scared the knickers off the old boys and they folded. No wonder Schott agreed to all the terms. She is "allowed to sit in the Reds executive suites, but not in the owner's field box." This is enormously important to her. She can show her face. She can play the local hero. She can wave and wish Schottzie luck on his rounds.

"Marge is very upset and very depressed that she has been singled out," said Bennett.

Poor Marge. She should call Al Campanis. In his generation, few men did more to help black and Latin players than he. He didn't use politically correct phrases. He didn't know the buzz words to avoid. He made a mistake on TV. But, on race, he lived right.

But he didn't own a team. He didn't have a fancy lawyer. He was just an employee. So he took the fall.

Now we know why Selig holed himself up for eight hours yesterday, repeatedly delaying the Schott decision. Every hour he'd send word, "Pretty soon."

Come out with your hands up, Bud.

We know you're in there. Come out peacefully and you won't get hurt. Poor Bud, he was just stalling probably so his copout would not make the national evening TV news. The minute Rather, Brokaw and Jennings were off the air, here came the announcement.

Marge Schott should have been fined $250,000 and suspended from baseball—really suspended—for two years. If her lawyer whined, he should have been told that Schott was lucky she wasn't being forced to sell her gold mine; after all, her scandal may have damaged baseball's reputation irreparably. If she'd wanted to fight—and she'd have been a national pariah if she had—it would have been an easy chance for baseball to reinforce its powers in the courts. She handed baseball a perfect chance to take a stand and make progress in one of its weakest areas.

A real commissioner would have known it. A real commissioner would have gone on every TV news show to trumpet his stand. "Marge Schott is the past. This is where baseball is going in the 21st century."

Yes, a strong commissioner.

There used to be one.

The PRESIDENT pro tempore. The junior Senator from Florida [Mr. MACK] is recognized for not to exceed 5 minutes.

Mr. MACK. Mr. President I thank Senator METZENBAUM for his leadership on the issue of revoking the antitrust status for major league baseball. The barons of baseball have treated the people of the Tampa Bay area with disdain, utterly disregarding their hopes and dreams for a future with a baseball team.

Senator METZENBAUM was keen to see the abuse of this special privilege and he acted quickly with a hearing in his subcommittee last fall. I was pleased to be a participant at the December hearing.

Those involved learned a great deal from the testimony presented. Three months later, the baseball owners have done nothing to mitigate the damage of their onerous actions which are shielded by the exemption they, and they alone, enjoy.

The Senator from Ohio [Mr. METZENBAUM] was correct to introduce this legislation and I am proud to be the lead cosponsor. Perhaps, now baseball will come to terms with the many crises it faces and come to know the central force which can save the sport—the free-market system.

The owners will sing their tired, old song and claim baseball acted to protect fans by upholding its policy of locking teams into their present homes when it refused the legitimate sale and movement of the Giants to the Tampa Bay area. Well, there are at least 1.2 million households in the Tampa-St. Petersburg metropolitan area filled with brokenhearted fans whose interests major league baseball did not protect.

In fact, major league baseball showed no respect for those fans at all. I deeply regret that baseball has turned its back on these deserving people. Millions of fans deserve to be a part of our national pastime, instead they have been unfairly left out.

They merely want the thrill of catching a foul ball, getting an autograph, hollering at the ump calling a play, but they can not. I am convinced this occurred because baseball alone has an antitrust exemption and that exemption had some bearing on the owners' curious behavior.

The antitrust exemption represents an artificial legal framework which the courts have set up around major league baseball to protect it. The exemption has made the owners' pursuit of their self-interest inconsistent with the basic interests of baseball fans. This is the opposite of what happens when free-market competition is allowed to work. Why will not the owners accept the system which has brought so much good to every other industry in this country?

Instead their system is a fraud—an emotionally wrenching fraud. The people of Tampa-St. Petersburg were used, demeaned, and insulted. Owners should be ashamed of what they did, but they are not. Since our hearing, the owners have done little to address any concerns Senators have expressed. Expansion, league finances, the Commissioner's office, a potential labor lockout and minor league disputes are all on the table, unaddressed, and unsolved.

Baseball's blundering of the location of a team in Tampa-St. Petersburg is inexcusable. On seven occasions in the last 8 years, Tampa-St. Petersburg has tried unsuccessfully to secure a team through expansion or by purchase. We always played by the rules. We made bona fide offers.

We had commitments, promises, and signed agreements, but still no team.

The good people of the Tampa Bay area built a stadium; 30,000 season tickets were sold. In the end, nothing.

And when the citizens in Florida tried to redress their grievances through the court system and subpoenaed National League President Bill White, we were told by the courts that the antitrust exemption put Mr. White out of the reach of our subpoena. In short, major league baseball is above the law.

Major league baseball has used us as a pawn. Owners hold St. Petersburg as if it were their market, not ours. Then they use it for leverage on the current, host cities, and fans to extract new stadiums, tax benefits, and the like. This is a game in which only baseball owners win, while everybody else loses. Enough is enough.

Since the courts refuse to act and major league baseball is committed to its present course, the exemption from the antitrust laws must be removed, the Congress must act.

I urge my colleagues to cosponsor the Metzenbaum-Mack legislation to relieve fans, players, and ultimately the owners from the undue burden the antitrust exemption has put on them.

A common question asked about the antitrust exemption is: Will removing it really solve the problems of major league baseball? I believe it will. And in the end there will be more players and more teams in more cities with more fans—it is the best thing for major league baseball.

Mr. President, I have a long family tradition in the game of baseball. I love the game. I believe this legislation will be a positive step toward bringing the public interest back into the decisionmaking process of major league baseball.

Mr. President, I ask unanimous consent to print the following article in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Times, Mar. 4, 1993]

CHOICE OF COMMISSIONER MOVES TO BACK BURNER

(By Murray Chass)

Phoenix, March 3.—Six months to the day after they asked Fay Vincent to resign as commissioner, major league club owners gathered today amid a growing movement among them to delay the selection of a new commissioner until they have negotiated new labor and television contracts.

The owners did appear to be making progress on at least one front. At a joint session of all 28 owners Thursday, they were scheduled to discuss a proposal by Richard Ravitch, their chief labor executive, to share all of their financial information with one another.

If the owners approve the proposal, which they are expected to do, it would mark a significant step in Ravitch's effort to achieve a major revenue sharing agreement among the clubs. Ravitch has told the owners that the players union will never agree to the salary cap the owners want to implement if they don't increase the amount of revenue they share among themselves.

A LOW-KEY DEBATE

A timetable for the selection of a commissioner has not been a topic of discussion at any of the seven owners meetings in the last six months. The debate has been conducted

on an informal, low-key basis because no owner wants to be on record as pushing for the status quo, the absence of a commissioner.

Bud Selig of the Milwaukee Brewers, the man acting in place of a commissioner, said today that "there are people who have different opinions" on the selection of a successor to Vincent, but he declined to elaborate.

"We have a search committee in place that is doing its work and will continue to move forward," he said. "The committee is meeting this evening."

Another club official, who spoke on the condition that he not be identified, explained the thinking of the owners who favor a delay. A commissioner, he said, could only impede the clubs' efforts to achieve the kind of labor agreement they want and also interfere with the work of the three-man owners committee negotiating new television contracts, which expire after this season.

"More and more owner are understanding this," the official said.

GETTING PRIORITIES STRAIGHT

Ravitch doesn't have a vote on the selection of a commissioner, but he has been quoted by owners as telling them that they have to determine their priorities. If their first priority is to gain the kind of labor agreement they think is necessary to the economic well-being of baseball, Ravitch has told the owners, they should move ahead on that front.

If the owners decide to wait on choosing a commissioner, they probably will further arouse the ire of members of Congress who have been threatening to take action against baseball's antitrust exemption. It was the owners' ouster of Vincent in September that caught the attention of some Congress members and prompted a hearing of a Senate committee in to the exemption in December, and today an aide for Senator Howard M. Metzenbaum, Democrat of Ohio, said Metzenbaum will introduce legislation Thursday aimed at ending baseball's antitrust exemption.

The aide, Nancy Coffey, said that Metzenbaum's position was that "baseball should play by the same laws as all other American businesses, including the three other major professional sports leagues."

Metzenbaum is chairman of the Senate judiciary subcommittee on antitrust, monopolies and business rights.

On the revenue-sharing front, Ravitch met last week with chief financial officers of all teams in his move to convince owners of the necessity of sharing financial information. One person who attended the meeting said Ravitch told them that everything would have to be disclosed, including side deals and all related transactions, such as the agreement the Atlanta Braves have with WTBS, the cable channel that is owned by Ted Turner.

A NEW ECONOMIC RELATIONSHIP

Owners have always been reluctant to let one another know their financial picture. The only time they have shared such information was in 1985, when Peter Ueberroth, then the commissioner, induced them to do it as part of labor negotiations. As developments later showed, the opening of clubs' books led to the owners' three-year period of collusion against free agents.

At the owners' previous meeting, here on Feb. 17, they established, in a unanimous vote, "linkage" between revenue sharing on their part and a salary cap on the players' part. The owners saw the vote as a major step toward forging a new economic relationship with the players.

In another matter, the executive council met today and discussed the restructuring report, which defines the role of the commissioner. The owners, as a group, will not receive the report until the council passes it on, with or without recommendtion.

By Ms. MIKULSKI:

S. 501. A bill to repeal the mandatory 20 percent income tax withholding on eligible rollover distributions which are not rolled over; to the Committee on Finance.

INCOME TAX ROLLOVER ACT OF 1993

Ms. MIKULSKI. Mr. President, I rise today on behalf of hard-working employees in Maryland and across America. Their retirement savings are now in jeopardy because of a confusing new Government tax law. To remedy that I am introducing a bill to repeal that law and protect employees' pensions.

My bill will remove the 20 percent withholding tax that affects people who change jobs and want to transfer their pension funds. Anyone who takes possession of their own pension money, even for one day, now has to pay 20 percent to the Government immediately. Even if they put all of their money into a new pension plan or IRA, the Government still keeps 20 percent until tax time the following year.

But this law gets even more confusing. A deliveryman in Baltimore who gets a job with a new company in Towson might have $50,000 saved in his retirement plan. His new company will accept the entire amount in a rollover, and the deliveryman decides to take that money and write a check for all $50,000 to his new company plan.

That used to be fine. But now that deliveryman can only get $40,000 of his money, because the Government is witholding $10,000. So to put all $50,000 into the new plan, this deliveryman has to come up with $10,000 of his own savings because the Government is holding his money.

Lots of people who go to work at 7:30 every morning don't have $10,000 in their bank accounts. They are fighting to pay the orthodontist for their daughter's braces, and trying to meet the mortgage or the rent. They have car payments, insurance premiums, and grocery bills to pay.

So what does the Government do if this deliveryman can't come up with the $10,000 to put in the savings account? They make him pay taxes on that money and make him pay a 10 percent penalty because they say he took his money before he retired at age 60.

That's a bad and confusing law, and that's why I want to repeal it. We need to put Government back on the side of hardworking Americans. You shouldn't need an accountant and a pension actuary every time you change a job or make a decision. And you shouldn't be penalized thousands of dollars for trying to do the right thing.

I know that Congress was trying to help with this law, but they missed the mark. We need to help make pensions portable, so employees can take their pensions with them when they change jobs, and so they can trust that their savings will be protected for their retirement. But this new 20 percent tax doesn't do the job.

I'll keep up my fight to make sure that pensions are available to all Americans, and that those pensions are effective and portable and will be there when they retire. I urge my colleagues to join me and fight for the interests of all working Americans.

Let's repeal this punitive and unfair law and get down to the business of creating good jobs and a secure future for the people of Maryland and of the United States.

Mr. President, I ask unanimous consent that an article be printed in the CONGRESSIONAL RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Post, Jan. 31, 1993]

TAX LAW ON 401(K) ROLLOVERS CAN COST THE UNINFORMED A LOT

(By Jane Bryant Quinn)

To improve its money flow, Congress has passed a new tax collection law that will be unfair to a lot of people. It touches everyone who might withdraw money from an employer-sponsored, tax-deferred retirement plan.

Don't get me wrong; I'm all in favor of rules that will capture every dime that taxpayers owe.

But this law can entrap you, by creating a tax liability where none had to exist. Even worse, it raises money only from the ill-informed. The well-informed will know how to avoid it.

Rep. Jan Meyers (R-Kan.) has introduced a bill to repeal this unwise law. All fair-minded people should write to their senators and representatives, in support.

The new provision applies to most withdrawals from employee retirement plans, like 401(k)s. The easiest way to explain it is to give an example.

Assume that you have $20,000 in your 401(k) plan and leave your company for a new job. If you request that $20,000 in a personal check, as is often done, your company can now give you only $16,000. Exactly 20 percent—$4,000—must be withheld for income taxes.

But what income taxes? You won't owe a tax if—within 60 days—you roll your 401(k) distribution into an individual retirement account (IRA) or into your new employer's retirement plan.

In that case, you can get your $4,000 back, by claiming it as a refund on your tax return.

What does the government get from this deal? The temporary use of your money, interest free.

But the government has an ace up its sleeve. To avoid paying taxes, you have to roll over the entire 401(k) distribution—which in this example is $20,000.

Since your company gave you only $16,000, you have to find $4,000 somewhere else. If you can't raise the money (or didn't know you had to), that $4,000 will be treated as a taxable withdrawal.

So you'll owe a tax. On a $4,000 withdrawal, you'd owe $1,520 in the 28 percent bracket

(counting the 10 percent penalty for funds withdrawn prior to age 59½). You'll also be liable for state and local income taxes.

Those who support the new tax withholding law point out that it's easy to avoid. All you have to do is tell your employer to transfer your 401(k) funds directly into an individual retirement account, or into the retirement plan of your new employer. In that case, no taxes will be withheld.

Unfortunately, not everyone will get the message. Some employees will err, and be caught in the tax trap.

Under the law, your employer has to give you a written explanation of your choices, at least 30 days before you take the money.

But my associate Amy Eskind took a look at some of the memos employers are putting out, and found a mixed bag.

Some are clear and direct, and will help people reach the right decision. Others can only be called opaque.

I saw one especially good idea, for Continental Corp. in New York City. Continental set up an interim IRA at Metropolitan Life. If an employee isn't sure where to transfer his or her money, it can be wired to Metropolitan; at a later date, those funds can be transferred somewhere else. Both of these transfers can escape tax withholding.

You can also set up your own interim IRA, ideally at a money market mutual fund or bank money market account. That keeps your money safe while you're thinking about where to invest it long term.

The 20 percent income tax withholding is not levied on withdrawals set up as lifetime annuities or on installment payments lasting 10 years or more.

But taxes will be withheld from "hardship" withdrawals, for things like medical payments or college funds.

When you cash any money out of the plan, you will owe income taxes and perhaps penalties for that year. So you might not mind the tax withholding.

But I worry about those who intend to roll over the money tax-deferred, and don't get the message on how to do it right.

Rep. Meyers's bill would restore the old rule: no mandatory tax withholding. Then, no unlucky soul would pay taxes by mistake.

By Mr. ROCKEFELLER (for himself and Mr. WOFFORD):

S. 502. A bill to amend the Tariff Act of 1930 to improve the antidumping and countervailing duty provisions, and for other purposes; to the Committee on Finance.

TRADE LAW REFORM LEGISLATION

• Mr. ROCKEFELLER. Mr. President, one of the results of the last election, in my judgment, was a mandate from the people to restore America's manufacturing competitiveness. The people understand that our country's economic problems go beyond recession. They see our manufacturing base, and the jobs that go with it, quickly eroding. They see more and more products, like the VCR and the fax, invented here but made abroad. They see our technology lead being surrendered to our trading partners, and they see that what we are getting back are low-quality assembly jobs rather than high-quality, high wage manufacturing jobs. The people understand that losing our industrial base cripples our ability to stay ahead technologically. If we don't make anything, ultimately we won't invent anything either. And when that capacity goes, our status as a world leader will go with it.

These challenges must be met on a broad front. One or two pieces of rifle shot legislation will not do the job. A number of us in the Senate have responded by developing the Senate Democratic economic leadership strategy, a set of proposals designed to address America's competitiveness problems in research and development, technology commercialization, manufacturing extension, training and education, export promotion and trade. Last year, the strategy was embodied in 30 specific proposals, 23 of which were substantially enacted. This year the strategy will appear in the form of specific bills, the first of which was introduced on January 21: S. 4, the National Competitiveness Act of 1993. This bill deals with significant parts of the first three categories I mentioned—R&D, commercialization, and extension. I already commented on its proposals when the bill was introduced, so I will not repeat those comments at this time.

Today, Mr. President, I want to make clear that trade policy is also a component of competitiveness policy. President Clinton has made clear that he prefers to deal with trade problems proactively and preemptively; that is, by addressing the underlying domestic problems that cause them before they develop into major bilateral irritants. I support that policy and believe the economic leadership strategy will help to insure it is successful.

At the same time, however, our Nation will continue to face market access problems abroad and unfair trade practices here at home. We have created the section 301 process to address the former, and in 1988 added the so-called Super 301 process to push the President into using his authority more aggressively. Part of our economic leadership strategy, which I support, is renewal of Super 301, and I am continuing my cosponsorship of that legislation this year.

Successfully combating unfair trade practices demands effective antidumping and countervailing duty laws, and I am today reintroducing legislation to address a number of problems that have emerged in those laws over our past 13 years of experience with them. These problems do not affect only those industries, like steel, that always seem to get the most publicity. They also affect sectors like semiconductors and other electronics that are on the cutting edge of American technology competitiveness. Steel is, of course, important to West Virginia, but the many other sectors impacted by these laws are likewise important, both to my State's economy and to the country's economic health.

These laws are not new, they date back over 70 years, but they are virtually our only line of defense against unfair trade practices, and it is important that we keep them current. This bill is identical to the one I introduced last July 23, with two changes I will comment on shortly.

Last updated in 1979 following the Tokyo round of trade negotiations, these laws represent a GATT-consistent means of addressing two kinds of unfair trade practices that have become increasing problems in the global marketplace. The countervailing duty law is designed to offset government subsidies, and the antidumping law is designed to deal with dumping, which is defined as selling below one's home market price, a third market price, or the cost of production.

In both cases, the theory is that these practices, the former by governments and the latter by individual producers, distort the market system and thereby confer an unfair advantage. Because of that, the General Agreement on Tariffs and Trade has erected multilaterally agreed-upon codes intended to provide some discipline over these practices. U.S. law embodies those codes.

I should emphasize, Mr. President, that these laws are not designed to be either punitive or arbitrary. If an unfair practice is found, the penalty is a duty on the import in an amount calculated to offset the dumping or subsidy. In order to obtain such a duty, a domestic complainant must demonstrate both that the unfair practice is occurring and that the domestic industry has been injured by it. Over the life of these statutes there have been numerous cases where the subsidy or dumping is clearly established, but the International Trade Commission has determined that, even so, there has not been material injury.

While the laws are not punitive, we do want them to be effective. The United States is somewhat unusual in the world in its reliance on its legal system and relatively transparent procedures to deal with these problems. Most countries find other, less formal means, sometimes outright quotas or other import limits, sometimes informal arrangements that result in the voluntary limitation of imports after Government pressure. This is why American manufacturers are so concerned with the Uruguay round's Dunkel draft, which would require changes that would weaken United States law and would weaken discipline over these practices. Other countries can make these concessions because they don't rely on these laws. If we do the same, we have nothing else as a fall back.

Even without the Dunkel draft, however, the effectiveness of these laws is declining, largely because, over time, importers learn how to evade them or how to minimize the impact of the penalties. This is not a new problem. We

have been plugging leaks in these dikes for years, passing amendments piecemeal as we encounter new types of violations. The proper approach at this point would be a complete overhaul, as we undertook in 1979, but realistically, that is most likely to occur after the conclusion of the Uruguay round, an event that is increasingly uncertain.

In the short run, however, there are a number of problems that have been identified that can easily be addressed without a comprehensive revision of the laws. Some of them have already been identified by others. The anticircumvention language in this bill, for example, is the same as that proposed by Congressman ROSTENKOWSKI, the chairman of the Ways and Means Committee, in his omnibus trade bill, H.R. 5100, which passed the House on July 8, 1992. Other provisions can hardly be called major changes in the law, but each of them is intended to address a serious problem of current procedure or legal interpretation that has arisen in recent years. A number of them relate to the experiences of West Virginia firms with the trade laws, particularly those in the steel industry. I would also note, however, that since most of these provisions would apply to cases begun after the date of enactment, they will not have an effect on pending cases, including those filed by the steel industry.

Since these provisions, not to mention current law, are complicated, they deserve some explanation in a way that I hope will be clear to both Senators and members of the public who read these remarks after they are printed. Accordingly, let me try to summarize each of the provisions in the bill and the problems they are trying to address.

STANDARD FOR INITIATION

Current law mandates a fairly low standard for accepting antidumping or countervailing duty petitions. Over the years, however, the Commerce Department bureaucracy has effectively raised the standard to demand more information and evidence before accepting a petition. This has had the effect of increasing the expense of filing and deterring cases from being pursued.

Mr. President, congressional intent on this matter was expressed very clearly in 1979. We wanted a low standard for accepting petitions because we wanted every citizen to have access to this important administrative process. In some respects, the procedures we adopted in 1979 made winning a case somewhat more difficult—particularly in the case of a subsidy complaint, where we added an injury test, and Congress felt, therefore, it was very important that we give petitioners every opportunity to have their complaint fully and carefully considered.

The bill would address this problem by clarifying the statute to require that petitions contain "a short and plain statement of the elements necessary for the imposition of the duty * * * and adequate information to give notice of the factual basis for the petitioner's allegations." While current law is also an adequate expression of congressional intent, its meaning has been distorted over time by the Department, and it is appropriate to state again in statutory form our determination that the standard for accepting a petition be a low one.

DETERMINATION OF MATERIAL INJURY—VOLUME OF IMPORTS

When the International Trade Commission votes on injury in a dumping or countervailing duty case, it considers whether the industry is injured at the time of the vote. That can lead to negative decisions in the numerous cases where the act of filing the petition had an impact on the quantity of imports. Importers often reduce their shipments during the period of investigation due to the market uncertainty the petition creates or in the hopes of securing a negative decision from the Commission by arguing the domestic industry could not be injured because imports have declined.

The bill addresses this problem by simply making clear that no negative inference can be drawn from a record of declining imports after the filing of a petition.

PRICE COMPETITION

Normally, when considering a purchase, a consumer would compare the actual prices he would have to pay for competing goods. The Commission, however, sometimes compares an import's price at the port to the domestic product's factory price. This can lead to the conclusion that the import sells at a higher price than the domestic product, when from the actual consumer point of view the opposite might be true.

The bill would address these situations by directing the Commission to compare prices of goods as they are sold to the ultimate consumer. That should produce a more appropriate comparison.

CUMULATION

As countries develop and the production/manufacturing process becomes increasingly decentralized, we have begun to encounter the phenomenon of similar imports from a wide variety of countries, many of them with only a small share of our market. Pursuing an unfair trade complaint against only the largest importers, however, is often helpful only in the short term, as those importers, once subject to dumping or countervailing duties, are quickly replaced by others who were not subject to the trade action.

American industry has responded to this problem first by filing cases against more than just the biggest importers and by encouraging the Commission to cumulate imports in its consideration of injury, that is, to determine whether all the imports collectively from the various countries subject to investigation were causing injury rather than whether the imports from each country were individually causing injury.

This provision of law, which first appeared in law in 1984 and was subsequently amended in 1988, has produced some unexpected problems in its administration, one of which relates to the circumstance of a complaint being filed against a new source of imports after a final affirmative determination has been made on the other sources of imports. At that point, the new imports cannot be cumulated with the old ones, because the latter are no longer subject to investigation. As a result, the law effectively encourages what might be called serial dumping—the repeated entry of new dumped imports from new sources after each old source is addressed through a trade complaint.

The bill addresses this problem through a look-back provision, which directs the Commission in the above circumstances to consider the injurious dumping over the previous 3 years as an important factor in determining the vulnerability of the industry to injury in the present case.

NEGLIGIBILITY

A related problem in the administration of the cumulation provisions relates to the Commission's 1988 authority to exclude negligible imports from an investigation. Following an affirmative final determination on the remaining imports, those that were dropped on the grounds of negligibility can and probably will grow significantly and become a new dumping problem. Just as in the previous provision, these imports are hard to reach because they cannot be cumulated with the earlier imports.

The bill addresses this problem in a manner similar to the direct cumulation problem above. If a subsequent petition is filed within 3 years of an earlier affirmative determination, the Commission's normal investigative period, on imports that had been found negligible, the imports covered by the later petition will be deemed to be causing material injury if the Commission would have reached an affirmative decision on them had the pattern of their volume, price, import penetration, and other factors been of similar dimensions during the earlier period of investigation when the imports were found to be negligible.

SUSPENSION AGREEMENTS

Current law gives the administering authority the option of suspending an investigation, along with any duties that might be imposed, in return for commitments by the importing parties, generally to cease the injurious activity. If the agreement is subsequently violated, the case would essentially pick up at the point it was suspended. Although the Government has quite

properly entered into very few of these agreements over the years, concern has arisen that the way the law is structured it could be to the advantage of a foreign party to enter into such an agreement temporarily and then violate it at a point when economic conditions made the likely outcome of the case when it was resumed more favorable to them. In other words, someone who was dumping might agree to suspend such activity because he anticipated losing the case, but he might at some later point deliberately violate the agreement and resume dumping in the expectation that the domestic industry could no longer establish injury or dumping of the same magnitude.

The Commission commented on this possibility in its 1991 decision on "Sheet Piling From Canada:"

* * * Congress has directed the Commission not to consider the effect of the suspension agreement when determining which merchandise is subject to investigation. 19 U.S.C. 1673c(j). Subsection (j), however, does not direct the Commission to ignore the impact of a suspension agreement on relevant economic indicators, such as changes in the volume or price of imports brought about by an agreement to eliminate LTFV sales. Such an interpretation would provide a benefit to importers who violate suspension agreements. Moreover, it would create an incentive for all importers to violate suspension agreements as soon as prices rise, imports drop, and the condition of the domestic industry improves.

The bill provides that, in an investigation that has been resumed because of such a violation, the Commission may not consider a decline in the volume of imports or an improvement in the condition of the domestic industry, both of which may occur as a result of a suspension agreement, to be indicators that the domestic industry is not injured. Similar language precluding the Commerce Department from considering changes in the foreign market value or the U.S. price of the good after the date of the suspension agreement is also included. This language is consistent with congressional intent and an appropriate clarification of an unanticipated problem when the 1979 changes were made.

CONCENTRATION OF IMPORTS

In an investigation involving a regional industry, the Commission may find injury only "if there is a concentration of subsidized or dumped imports into" the region. The legislative history of this provision makes it clear that such concentration exists when the ratio of the dumped or subsidized imports to the consumption of the imports and the domestic product is clearly higher in the regional market than the rest of the United States. This is essentially a market share test, and the Commission initially applied it in a manner faithful to congressional intent, as in "Certain Steel Wire Nails From The Republic of Korea" (1980), and "Cut-To-Length Carbon Steel Plate From The Federal Republic of Germany" (1984).

More recently, however, the Commission has tended to ignore this standard and has begun to look simply at whether the region in question accounts for a large share of the imports. With an occasional exception, the Commission has generally found that standard satisfied when the region accounts for at least 80 percent of the imports, as in "Gray Portland Cement And Cement Clinker From Mexico" (1989). This standard is not what Congress intended, and it has in several cases resulted in finding no import concentration in situations where use of the propoer standard would likely have resulted in the opposite conclusion. Examples are "Gray Portland Cement And Cement Clinker From Japan" (1991), and "Dry Aluminum Sulfate From Sweden" (1989).

The amendment solves this problem simply by incorporating into the statute the language from the legislative history of the Trade Agreements Act of 1979, ensuring that the Commission in future investigations will apply the clearly higher standard Congress intended.

DEFINITION OF SUBSIDY

Although the Tokyo round made some progrss in defining what a subsidy is, our experience since then has made clear that both the round's subsidies code and U.S. practice do not adequately reach some government subsidies that have a clear impact on an industry's ability to export. In particular, the Commerce Department currently does not apply countervailing duties against international development bank—the World Bank or its counterpart regional institutions—loans or loan guarantees, even if they are at concessionary rates or even if the loan would not have been available from commercial sources, in other words, when the recipient is not credit worthy.

The bill's response to that gap is very straightforward. It simply includes such loans in the statutory definition of a subsidy.

Simiarly, a problem has arisen with respect to loans or loan guarantees for the expansion of production or improvements in existing production when the effect of such loans is to increase production for export purposes. In such cases, the loan or loan guarantee is in reality an export subsidy, even though it may not be explained that way by the offending government.

In order to plug that gap, the bill defines as an export subsidy any loan by a government for expansion of production, or for improvements to existing production where one-third or more of the output can reasonably be expected to be exported.

CIRCUMVENTION

One of the most difficult and complex problems this bill attempts to deal with is circumvention of dumping duties. This problem was not anticipated in 1979, but it should come as no surprise that over 14 years importers and foreign manufacturers have learned a great deal about our law, including its loopholes, and have discovered how to exploit those gaps to their advantage. The trend toward globalization of production has also contributed significantly toward the problem by making it easier for producers to move their production or assembly from place to place to stay ahead of a dumping duty orders.

At the most obvious leve, Mr. President, circumvention is fraud, which is already addressed in our law. If, for example, duties have been imposed on photo albums from Korea, and the same albums suddenly start appearing from another country, such as Singapore, falsely labeled as originating in the new country, then we have adequate statutory authority to address the problem although sufficient enforcement resources is always a problem in cases of this kind. It is not hard for a determined importer consistently to stay ahead of Customs enforcement authorities.

The more complicated situations, of course, are when the product in question is in some fashion transformed in the second country, thus permitting the argument that the import is no longer of the dumping country's origin. Often that also involves a Customs Service decision as to whether the product has been sufficiently altered or sufficient value has been added in the second country to transfer origin. Most complicated in this category is when assembly of a finished product is moved into the United States. In that case, the dumped end product is no longer being imported, but most or all of its component parts are, for assembly here. Since both U.S. law and GATT rules limit attaching dumping duties to the "like" product, the duties cannot simply and easily be transferred from the finished product to its parts.

Another related problem deals with what is known as diversionary dumping. It occurs when intermediate goods on which there is an outstanding dumping duty order are shipped to a third country and are there incorporated into a finished product which is subsequently imported into the United States. An example would be steel sheet or coil from Taiwan which has been found to be dumped in the United States and which is then shipped to Korea and made into pipe and tube, which is then imported into the United States. Current law does not address this problem, and the administration has regularly opposed any serious effort to deal with it.

The solution to the first problem, the case where final assembly is in the United States and the components are imported from countries other than

that covered by the initial duty order, the bill would apply the existing order in cases where the same company was involved in the assembly in the United States and the parts came from historic suppliers. This is the same approach as that proposed by Congressman ROSTENKOWSKI, the chairman of the Ways and Means Committee, in H.R. 5100, the omnibus trade bill the House passed last year.

The problem of diversionary dumping is addressed with language that is a somewhat revised version of a proposal first made by several members of the Finance Committee in 1986 and 1987. A version of this provision was initially incorporated into the Senate markup vehicle for the 1988 trade bill but was ultimately removed due to opposition from the Reagan administration. A much more modest version was incorporated into the bill, but it is so limited it has not successfully dealt with the problem.

MONITORING

Current law provides for Commerce Department monitoring of imports in the limited circumstance where more than one antidumping duty order on the same merchandise is already in effect. Despite numerous requests, there has never been a monitoring program initiated under this provision, which is unfortunate, since the act of monitoring can have a discouraging effect on dumped imports without forcing hard-pressed domestic industries to go to the expense of filing a formal complaint.

The bill would broaden somewhat Commerce's authority by permitting a monitoring request when there is only one other antidumping duty order outstanding. That would not reduce the Commerce Department's discretion but would at least expand the universe of situations where monitoring could occur.

UPSTREAM SUBSIDIES

One of the post-1979 problems Congress attempted to address in the 1980's was that of upstream subsidies, a manufacturer's use of an input or component part that benefits from a subsidy. Accepting this concept, as we have done, leaves the Commerce Department with the technical problem of determining the value of the benefit of the subsidy to the manufacturer.

In the first case where this issue was raised, Certain Agricultural Tillage Tools from Brazil, Commerce established a hierarchy of price comparisons for determining such a value. In general, the methodology is to compare the price paid to the subsidized input supplier to: First, prices charged by unsubsidized producers of the inputs in the same country; second, prices paid for unsubsidized imports of the input for use by downstream producers; third, information on world market prices in cases of commodity products; and fourth, the best information available to calculate a benchmark price.

This construct, in my judgment, is an adequate elaboration of congressional intent, and it appears to have been successful in practice. Now, however, the Department has announced its intention to abandon this methodology and instead compare the price paid by the producer to a subsidized supplier in the country under investigation to F.O.B. prices of subsidized and unsubsidized foreign suppliers. This is an unwarranted and uncalled-for change in an otherwise acceptable practice. The amendment in my bill would prevent this change simply by putting into the statute the previous Commerce practice.

NEW ITEMS

In addition to these provisions, which are identical to those in S. 3046 which I introduced last year, this bill contains two further changes.

First, upstream subsidies. The bill amends the provision dealing with subsidies provided by a customs union to include also those subsidies authorized by the customs union. This would permit subsidy investigations in those cases where products subsidized by one European Community country are further processed in another EC country. Since subsidy practices by EC member nations are supposed to be approved by the EC Commission or Council, they should be considered part of overall EC policy and therefore fair game for our trade laws.

Second, diversionary dumping. As introduced last year, the diversionary dumping provision raised the question as to whether it could be applied in situations where the dumped input is further processed in the same country where it was produced instead of being restricted to cases where the dumped input is sent to another country for further processing before it is imported into the United States. Since it was my intention that both situations be covered by the provision, I have made a minor change in wording to remove any ambiguity.●

By Mr. D'AMATO:

S. 503. A bill to amend the Immigration and Nationality Act to provide that members of Hamas—commonly known as the Islamic Resistance Movement—be considered to be engaged in a terrorist activity and ineligible to receive visas and excluded from admission into the United States; to the Committee on the Judiciary.

TERRORIST GROUP HAMAS BANNING ACT OF 1993

● Mr. D'AMATO. Mr. President, I rise today to offer a bill to amend section 212 of the Immigration and Naturalization Act, to add the terrorist group Hamas, to the alien exclusion list. Identical restrictions exist for members of the PLO and there is no reason why Hamas should not be included also. In the wake of widespread Hamas violence in Israel and their recently reported presence in the United States, it is vital that they be banned from the United States.

If a member of Hamas enters the United States and the authorities have reason to believe that the person is likely to engage in terrorism, support for terrorism such as transportation, communication, and fundraising, or soliciting for membership in the group, or simply proven to be a member of Hamas, in my legislation, the member can be denied a visa to enter or stay in the United States.

Within our midst, an expansive network is aiding Hamas in its terror and murder in Israel. Acting in the guise of simple fundraising, groups in northern Virginia, Dallas, Detroit, Chicago, Tucson, and in my State of New York, are channeling large amounts of money back to Hamas in Israel.

Moreover, the United States is reportedly home to at least a dozen Hamas leaders who hold clandestine titles within the Hamas organization. One Palestinian recently arrested in Israel while visiting from Chicago, actively worked on behalf of Hamas, bringing $650,000, raised in the United States, to hand over to Hamas officials there.

Additionally, on Wednesday, it was revealed that the State Department has just put a halt to its meetings held with Hamas in Jordan, Jerusalem, and Tel Aviv. This is outrageous. We do not meet with the PLO, and we should not meet with Hamas. Why were our diplomats meeting with these murderers?

Both groups commit murder and outrageous acts of terrorism. We exclude the PLO and we must exclude Hamas.

This radical Islamic fundamentalist group is based in the Gaza Strip but also operates in Judea and Samaria. Its covenant declares that Israel must be destroyed and that Islamic fundamentalism must be adopted and spread violently if necessary, by all Arab States. This coupled with its support by Iran, makes Hamas a deadly force and one we must stop.

If we fail to take action now, we may be very sorry later. Banning Hamas from the United States is a first step. I urge my colleagues to support this important legislation.

I ask unanimous consent that my remarks be printed in the RECORD following the text of the bill.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 503

Be it enacted by the Senate and House of Representatives of the United States of America in congress assembled,

SECTION 1. TERRORIST ACTIVITIES.

Section 212(a)(3)(B)(i) of the Immigration and Nationality Act (8 U.S.C. 1182(a)(3)(B)(i)) is amended by adding at the end "An alien who is a member, officer, official, representative, or spokesperson of Hamas (commonly known as the Islamic Resistance Movement) is considered, for purposes of this Act, to be engaged in a terrorist activity."●

By Mr. KOHL (for himself, Mr. HATCH, Mr. DECONCINI, Mrs. FEINSTEIN, and Ms. MOSELEY-BRAUN):

S. 504. A bill to amend section 924 of title 18, United States Code, to make it a Federal crime to steal a firearm or explosives in interstate or foreign commerce; to the Committee on the Judiciary.

FIREARMS THEFT ACT OF 1993

Mr. KOHL. Mr. President, I rise today—along with my distinguished colleagues, Senator HATCH, Senator DECONCINI, Senator MOSELEY-BRAUN, and Senator FEINSTEIN—to introduce legislation that is long overdue: the Firearms Theft Act of 1993. This bill creates Federal penalties of up to 10 years imprisonment and fines of up to $5,000 for anyone stealing firearms or explosive materials.

The violent crime rate in our Nation is rising at an alarming rate. Every day police face automatic gunfire on our city streets. Drive-by shootings by gang members have become commonplace. Every 19 seconds there is a violent crime committed in the United States. Mr. President, the Senate has no time to delay.

Sadly, no State or city is immune from this scourge. Last year, 146 murders were committed in my home city of Milwaukee. Of those, 104 were committed with firearms.

In both major metropolitan areas and small rural communities, the rates of murder, assault with a deadly weapon, and drug-related crimes are skyrocketing—and stolen firearms figure prominently in many of the most heinous crimes. In 1991, the Washington Post reported that over an 8-month period, 18 gunshops were robbed in the District of Columbia vicinity. Approximately 600 firearms were stolen. Some of these weapons were traced to Washington area crack houses just a few hours after they were stolen from a Maryland gunshop. At least one was used in the murder of a Washington man, and we can only imagine the atrocities committed with the others.

These are not isolated incidents. The Justice Department has informed the Judiciary Committee that approximately 20,000 stolen guns are reported each month. Combine this with the fact that five out of six criminals receive their guns from the black market, and we have the makings of a national crisis.

My bill will empower Federal law enforcement agencies to halt these acts of thievery and reduce the number of guns available on the streets. Like the gun-free school zones law I authored 2 years ago, this proposal provides an additional tool to the prosecutors' arsenal, so that they can convict the persistent offenders who profit from firearms violence in our communities.

Mr. President, I urge my colleagues to support this legislation, and ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 504

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. THEFT OF FIREARM OR EXPLOSIVE MATERIAL.

(a) FIREARMS.—Section 924 of title 18, United States Code, is amended by adding at the end the following new subsection:

"(i) A person who steals a firearm that is moving as, or is a part of, or that has moved in, interstate or foreign commerce shall be fined under this title, imprisoned for not more than 10 years, or both.".

(b) EXPLOSIVES.—Section 844 of title 18, United States Code, is amended by adding at the end the following new subsection:

"(k) A person who steals explosive material that is moving as, or is a part of, or that has moved in, interstate or foreign commerce shall be fined under this title, imprisoned for not more than 10 years, or both.".

By Mr. MCCONNELL (for himself, Mr. DOLE, and Mr. LUGAR):

S. 505. A bill to amend the Food Stamp Act of 1977 to identify and curtail fraud in the Food Stamp Program, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

FOOD STAMP ANTI-FRAUD ACT OF 1993

Mr. MCCONNELL. Mr. President, today, I am introducing legislation that will reduce the fraud and trafficking abuse that is occurring in our Nation's largest food assistance program, the Food Stamp Program. More than 25 million Americans receive food vouchers every month from this program which hands out over $20 billion in benefits a year. The amount of money lost to fraud, waste, and abuse is very difficult to determine; however, it is estimated to be in the millions of dollars. The bottom line is simple: Our Government cannot afford to lose the taxpayers' money to fraud and waste in the Food Stamp Program.

Every 1 percent of Food Stamp Program funds lost to fraud represents $200 million of taxpayer's money wasted. From trafficking food stamp coupons to trading the stamps for guns and drugs, the violations are deplorable and the transgressors must be brought to justice.

In a program as large as the Food Stamp Program, the Government must have the necessary tools to administer and enforce the rules of the program. The 1990 farm bill required the submission of identification numbers by the retailers and beefed up the penalties to assist USDA in targeting and punishing the violators. These measures have helped; however, the Department of Agriculture is still hampered by restrictions in their attempts to target and identify Food Stamp Program abusers.

My bill, the Food Stamp Anti-Fraud Act of 1993, will give the Food and Nutrition Service the tools it needs to identify violators and coordinate its efforts with other law enforcement agencies. Specifically, this legislation will expand the use of the application information and identification numbers provided by the retailer to FNS. Currently, the use of application information is restricted to persons directly involved in the Food Stamp Program and to state agencies that operate the Special Supplemental Food Program for Women, Infants, and Children [WIC]. Furthermore, the use of the Social Security and taxpayer ID numbers is limited to the maintenance of a list of those already sanctioned for or convicted of violating the Food Stamp Act.

The Department of Agriculture has been stifled by these restrictions in their efforts to eliminate fraud in the Food Stamp Program. My bill will expand USDA's investigative activities by allowing them to match and verify existing information on retailers in their efforts to establish evidence of violations of the Food Stamp Act by retail establishments. This legislation extends the use of the retailer's ID numbers so that law enforcement and investigative agencies, such as the FBI, the IRS, the Office of Inspector General [OIG], and the Financial Crimes Enforcement Network [FINCEN] can use the ID numbers to verify the identity of violators.

Let me give you an example of how this legislation will help the Department locate abusers. Someone could go into a retail food store with $50 in food stamps and ask the storekeeper of the food concern to pay $0.60 on the dollar for the coupons. If the storekeeper agreed to the exchange, the recipient could come out of the deal with $30 in hard cash, and the retailer would end up with an extra $20 after cashing the coupons in, all without food products ever exchanging hands. It is obvious there are two guilty parties here: the recipient and the retailer.

USDA has the rules and authority in place to initiate the investigation of such an incident; however, their ability to follow through and positively identify the retailer is stifled by existing restrictions. When the investigators need to confirm sales data, they must rely solely on the information reported by that retailer; they are not able to verify this data with the IRS or State taxing agencies. My legislation will give the Department the possibility of calling the taxing authorities to check the data for discrepancies and use ID numbers for identity confirmation.

Federal and State authorities already have the ability to verify information provided by recipients of welfare programs such as AFDC, Medicaid, supplemental security income, and the Unemployment Compensation Program by using the recipient's Social Security number. USDA also has this authority

to verify the information provided by the recipients of food stamps. Yet the Government does not have the same ability to check the information provided by the retail establishments participating in the program. This legislation will make our laws consistent and allow USDA to verify information provided by the users of this program.

My bill also beefs up the penalties against both recipients and retailers if they are found to have traded food stamps for guns, drugs, ammunition, or explosives. The cap that is currently placed on the civil money penalties for retailers would be lifted, and a recipient would be permanently disqualified if they traded their food stamps for the aforementioned items. This is not an unreasonable punishment for these people who are found to so blatantly abuse this Government program.

I want to stress that the vast majority of participants in the Food Stamp Program, be it recipients or retailers, are not involved in illegal activities. Most of the participants are honest, trustworthy citizens, and the stories of food stamp fraud you hear do not occur every day, but they do happen. The Food Stamp Anti-Fraud Act does not change the rules of the game, it only changes the penalties for violators and gives the Department the necessary tools to enhance the integrity of the program.

This legislation does not change eligibility requirements for recipients or retailers. It will not affect the honest participants in the Food Stamp Program. It will help our Government find and eliminate fraud in our Nation's largest food assistance program.

I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 505

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Food Stamp Anti-Fraud Act of 1993".

TITLE I—RETAIL FOOD STORES AND WHOLESALE FOOD CONCERNS

SEC. 101. USE OF APPLICATION INFORMATION.

Section 9(c) of the Food Stamp Act of 1977 (7 U.S.C. 2018(c)) is amended—

(1) by designating the first sentence as paragraph (1);

(2) by designating the second and third sentences as subparagraphs (A) and (C), respectively, of paragraph (2); and

(3) in paragraph (2)—

(A) in subparagraph (A) (as so designated), by inserting before the period at the end the following: "or officers or employees of Federal or State law enforcement or investigative agencies for purposes of administering or enforcing the provisions of this Act or any other Federal or State law and the regulations issued under this Act or such law";

(B) by inserting after subparagraph (A) (as so designated) the following new subparagraph:

"(B) An officer or employee described in subparagraph (A) who publishes, divulges, discloses, or makes known in any manner or to any extent not authorized by law any information obtained under the authority granted by this subsection shall be subject to section 1905 of title 18, United States Code."; and

(C) in subparagraph (C) (as so designated), by striking "Such purposes" and inserting "The purposes referred to in subparagraph (A)".

SEC. 102. PENALTIES FOR TRAFFICKING IN FOOD STAMPS.

Section 12(b)(3)(B) of the Food Stamp Act of 1977 (7 U.S.C. 2021(b)(3)(B)) is amended by striking "(except that the amount of civil money penalties imposed during a 2-year period may not exceed $40,000)".

SEC. 103. PENALTIES FOR STORES FOR TRADING FIREARMS, AMMUNITION, EXPLOSIVES, OR CONTROLLED SUBSTANCES FOR FOOD STAMPS.

Section 12(b)(3)(C) of the Food Stamp Act of 1977 (7 U.S.C. 2021(b)(3)(C)) is amended by striking "(except that the amount of civil money penalties imposed during a 2-year period may not exceed $40,000)".

SEC. 104. USE OF TAXPAYER IDENTIFICATION NUMBERS.

(a) SOCIAL SECURITY ACCOUNT NUMBERS.—Clause (iii) of section 205(c)(2)(C) of the Social Security Act (42 U.S.C. 405(c)(2)(C)(iii)) (as added by section 1735(a)(3) of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101-624; 104 Stat. 3791)) is amended—

(1) in the second sentence—

(A) by inserting after "Department of Agriculture" the following: ", or officer or employee of a Federal or State law enforcement or investigative agency,"; and

(B) by inserting before the period at the end the following: "or for the administration or enforcement of such Act or any other Federal or State law"; and

(2) in the third sentence, by inserting before the period at the end the following: "or officers and employees of Federal or State law enforcement or investigative agencies whose duties or responsibilities require access for the administration or enforcement of such Act or any other Federal or State law".

(b) EMPLOYER IDENTIFICATION NUMBERS.—Section 6109(f) of the Internal Revenue Code of 1986 (relating to access to employer identification numbers by the Secretary of Agriculture for purposes of the Food Stamp Act of 1977) is amended—

(1) in the second sentence of paragraph (1)—

(A) by inserting after "Secretary of Agriculture" the following: ", or an officer or employee of a Federal or State law enforcement or investigative agency,"; and

(B) by inserting before the period at the end the following: "or for the administration or enforcement of such Act or any other Federal or State law"; and

(2) in the first sentence of paragraph (2), by inserting before the period at the end the following: "or officers and employees of Federal or State law enforcement or investigative agencies whose duties or responsibilities require access for the administration or enforcement of such Act or any other Federal or State law".

TITLE II—MISCELLANEOUS

SEC. 201. PERMANENT DISQUALIFICATION OF RECIPIENTS FOR TRADING FIREARMS, AMMUNITION, EXPLOSIVES, OR CONTROLLED SUBSTANCES FOR FOOD STAMPS.

Section 6(b)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2015(b)(1)) is amended by striking clause (iii) and inserting the following new clause:

"(iii) permanently upon—

"(I) the third occasion of any such determination (except as provided in subclause (II)); or

"(II) the first occasion of a finding of the trading of firearms, ammunition, explosives, or controlled substances (as the term is defined in section 802 of title 21, United States Code) for coupons.".

SEC. 202. USE OF PENALTIES COLLECTED FROM RETAIL FOOD STORES AND WHOLESALE FOOD CONCERNS.

Section 18 of the Food Stamp Act of 1977 (7 U.S.C. 2027) is amended by adding at the end the following new subsection:

"(g) Funds collected from claims against retail food stores or wholesale food concerns under section 12 shall—

"(1) be credited to the food stamp program appropriation account for the fiscal year in which the collection occurs, and remain available until expended; and

"(2) be used for investigation and enforcement activities under this Act relating to retail food stores and wholesale food concerns.".

TITLE III—EFFECTIVE DATES

(a) IN GENERAL.—Except as provided in subsection (b), the amendments made by this Act shall become effective and implemented not later than 120 days after the date of issuance of final regulations by the Secretary of Agriculture to carry out the amendments.

(b) EXCEPTIONS.—The amendments made by sections 102, 103, and 202 shall become effective on the date of enactment of this Act.

By Mr. ROTH:

S. 506. A bill to continue until January 1, 1995, the suspension of duty on o-Benzl-p-chlorophenol; to the Committee on Finance.

S. 507. A bill to extend the existing temporary suspension of duty on fusilade; to the Committee on Finance.

S. 508. A bill to suspend temporarily the duty on 3-dimethylaminomethyleneiminiphenol hydrochloride; to the Committee on Finance.

S. 509. A bill to suspend temporarily the duty on N,N-dimethyl-N'-(3-((methylamino)carbonyl)oxy)phenyl) methanimidamide monohydrochloride; to the Committee on Finance.

S. 510. A bill to temporarily suspend the duty on Bendiocarb; to the Committee on Finance.

S. 511. A bill to suspend temporarily the duty on PCMX; to the Committee on Finance.

COMPETITIVENESS ACT OF 1993

• Mr. ROTH. Mr. President, today I am introducing six miscellaneous duty suspension bills on behalf of three constituent companies in my home State of Delaware: Nipa Labs, Nor-Am Chemical, and Zeneca. It is my understanding that these bills are noncontroversial. I am introducing them because they will help lower overall costs of production for the companies involved, which will, in turn, bolster their competitiveness.•

By Mr. KERRY:

S. 512. A bill to facilitate the providing of loan capital to small business

concerns, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

THE SMALL BUSINESS CREDIT ACT OF 1993

Mr. KERRY. Mr. President, today, I am introducing a bill which is designed to respond to the credit crunch by creating a Government-chartered corporation to foster securitization of small business lending.

The bill is a companion bill to H.R. 660, introduced last month in the other body by Congressman JOHN J. LAFALCE, chairman of the House Small Business Committee. The bill is identical to that authored by Congressman LAFALCE.

I am doing this in an effort to place before the Senate as quickly as possible a plausible model for using Government credit-enhancement to stimulate small business lending as an engine for recovery.

The credit crunch is real and it is having an impact on our overall recovery. The United States has seen very substantial commercial and industrial lending contraction over the past 2 years, amounting to a net reduction of $70 billion nationally over the past 2 years, with the contraction extending to every region and being greatest in the West.

As Federal Reserve Chairman Alan Greenspan recently testified:

> Incentives to lend have been damped by market and regulatory pressures for depository institutions to increase capital rations, as well as by other factors raising their costs of intermediating credit, such as higher deposit insurance premiums, rising regulatory costs, and more stringent supervisory oversight. As a result, banking and thrift institutions have sought to limit balance-sheet growth or actually to shrink. * * * Historically, banking institutions have played a critical role in financing small and medium-sized businesses—firms that in the past have been a key source of growth in the economy. Some of the factors leading to the relative shrinkage of our banking industry, by limiting the availability of credit to smaller firms, have restrained aggregate demand and thus have significantly hindered the economic expansion.

Thus, as Chairman Greenspan acknowledged, there is a credit crunch, and small businesses which ought to be getting credit, are unable to obtain it not because they are suddenly risky borrowers, but because the banks are limiting credit.

What we are seeing at the regional level in New England is a sequence of contraction in which intensified capital requirements have been put into place at the same time that banks are experiencing losses due to the recession and the real estate collapse. While some of the decrease in lending is due to reduced demand, we have numerous accounts of small businesses losing their ability to maintain commercial and industrial revolving lines of credit. These often have been drawn down as a consequence of a collateral crunch resulting from the lowered value of the underlying real estate securing the lending, together with the desire of many of the banks to increase their capital rations by reducing their outstanding business lending generally.

The collateral crunch caused by deflated real estate and the imposition of tighter lending rules by both regulators and bankers has resulted in widespread complaints across my State that credit is still unavailable.

Among the examples I have encountered personally are the metal fabricator I visited in the act of giving back business to Duke University because he could not finance it, and abandoning plans to rehire workers in the process; the president of a leading environmental technology firm who returned from a Mexican trade mission with Gov. William Weld only to find that his bank had cut his line of credit despite increased orders; and the ex-banker who moved his electronic instruments manufacturing from Taiwan to Massachusetts only to find his bank capping his credit line because he is growing too fast to stay within applicable loan ratios. These unfortunately are not isolated cases, but representative of a pervasive problem.

Last year was the first time in history that U.S. banks held more assets in Government securities than in loans to businesses. For several reasons—including the new risk-based capital standards and the steep yield curves of long-term Treasuries by comparison to the cost of deposits—banks have found it very attractive to invest deposits in Treasury bonds. As a result, deposits are not being invested in the level of commercial and industrial lending necessary to achieve full economic recovery.

Every loan not made means less capital available to help small businesses invest in equipment and hire more workers, or to enable a consumer to buy a new car. Most economists see increased lending as a key to stimulating the sluggish economy.

In response to a question I asked during her confirmation hearing last month, Laura Tyson, the new Chairman of President Clinton's Council of Economic Advisors, stated that she believed that credit enhancement for small business lending through a mechanism that facilitated securitization was an option that needed to be considered very seriously to respond to credit constriction.

The legislation I am introducing today would do just that, establishing an entity to be called the Venture Enhancement and Loan Development Administration for Smaller Undercapitalized Enterprises, or Velda Sue.

Under the terms of the bill, Velda Sue would be designed to replicate the success achieved by Fannie Mae and Freddie Mac in packaging mortgages for the secondary market, and applying it to the area of small business lending. Through packaging and securitizing small business loans, Velda Sue would make capital more available to small businesses for investments in plants and equipment. Typically, this capital would come from institutional investors who are not in a position today to lend directly to small businesses, but who may well be interested in buying small-business loans in the form of securities at attractive interest rates in a package.

Velda Sue would be similar in many respects to Fannie Mae, Freddie Mac, and Sallie Mae in its function and its mechanisms, and would be a Government-sponsored enterprise that is not backed by the full faith and credit of the United States, but instead, has enhanced credit by being able to draw on a limited line of Government credit.

The Federal Government would sponsor Velda Sue with initial loans of up to $300 million, after Velda Sue had raised $30 million in private funds. These U.S. Government loans would be repaid to the Treasury by Velda Sue in 15 years or less, with interest. Once established, Velda Sue would function with no cost to the Treasury. In addition, Velda Sue would under certain circumstances have the ability to call on the Treasury for additional short-term purchases of its obligations up to $1.5 billion, as a means of creating credit enhancement through the limited backing of the Treasury. In turn, the Treasury would according to mutually agreed upon terms sell these obligations back to Velda Sue, plus interest, with no net cost to the Government.

In the near term, Velda Sue could have a substantial impact in combatting the credit crunch on small business lending, by creating a secondary market for such loans accessible to pension funds and insurance companies and other major institutional investors, making long-term capital available to finance purchases of plants and equipment.

Banks would continue to originate the small business loans eligible for securitization by Velda Sue, as would S&L's, commercial finance companies, insurance companies, small business lending companies, and other loan origination businesses. In order to meet Velda Sue's underwriting standards, each loan would have to be secured by a nonsubordinated mortgage, and be made to an enterprise which qualifies as a small business under the Small Business Act—one that does not have a net worth in excess of $18 million or an average net income in excess of $6 million. Velda Sue would not securitize the entire loan, only 80 percent, leaving the other 20 percent with the originating institution, ensuring that the originator shares in any risk of default.

Velda Sue would be self-financing, with its operations paid through fees

imposed on originators and poolers, with the Secretary of the Treasury given regulatory responsibility over its activities, and a board of directors consisting of a mix of private citizens appointed by shareholders and Government appointees.

I want to emphasize that the way this legislation is structured, any funds that come from the Government are repaid with interest, and the taxpayers wind up being on the hook for not a single penny.

Some of the specific mechanisms and details of the plan I am introducing today, which was developed by Congressman LAFALCE, may change during the course of the legislative process. I recognize that Senator D'AMATO has another approach to foster securitization through deregulation, which does not rely on a GSE. We need to take a careful look at both approaches.

What is clear is that early action is needed to create a vibrant secondary market in small business industrial mortgages. Given the credit crunch and the restructuring of the banking industry that is taking place in the midst of that crunch, Velda Sue is an idea whose time has come, and an entity which could make a significant difference in assisting small business success and job growth in the United States in years to come.

I look forward to working with the chairman of the Senate Committee on Small Business, Senator BUMPERS, and the chairman of the Senate Committee on Banking, Senator RIEGLE, to set dates for hearings on this concept within the near future.

I ask unanimous consent that a fact sheet on Velda Sue, and the full text of the Small Business Credit Availability Act of 1993 appear in full at the conclusion of my remarks.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 512

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Small Business Credit Availability Act of 1993".

SEC. 2. CONGRESSIONAL FINDINGS.

The Congress hereby finds that—

(1) secondary mortgage markets have successfully increased the availability and affordability of long-term residential mortgages through government sponsored enterprises;

(2) many smaller, innovative businesses could grow more rapidly, create more jobs, and increase United States competitiveness in world markets if additional long-term capital were available to finance purchases of new plant and equipment;

(3) institutional investors are a major source of long-term capital for the United States economy, but such investors are not well equipped to make large numbers of direct loans to individual business firms;

(4) commercial banks specialize in short-term business lending and have the facilities and specialized expertise to evaluate loan applications and to originate and service the large number of relatively small loans required by smaller innovative businesses; and

(5) a secondary market for industrial mortgages would link the loan production ability of commercial lenders with the long-term investment horizons of pension funds and insurance companies, thereby increasing the efficiency of United States capital markets and the amount of long-term capital that is available to finance purchases of plant and equipment by smaller innovative businesses.

SEC. 3. STATEMENT OF PURPOSE.

It is the purpose of this Act—

(1) to establish a corporation chartered by the Federal Government as a government sponsored enterprise whose function would be to purchase or guarantee loans and facilitate their packaging into pools for sale to institutional investors;

(2) to authorize the certification of loan poolers by the corporation;

(3) to provide for a secondary marketing arrangement for small business loans that meet the underwriting standards of the Corporation—

(A) to increase the availability of long-term credit to small businesses at stable interest rates;

(B) to provide greater liquidity and lending capacity in extending credit to small businesses; and

(C) to provide an arrangement for new lending to facilitate capital market investments in providing long-term small business funding, including funds at fixed rates of interest; and

(4) to enhance the ability of small businesses to obtain financing by improving the distribution of mortgage financing, particularly from institutional investors.

SEC. 4. DEFINITIONS.

For the purpose of this Act:

(1) BOARD.—The term "Board" means—

(A) the interim board of directors established in section 6(a), or

(B) the permanent board of directors established in section 6(b),

as the case may be.

(2) CERTIFIED POOLER.—The term "certified pooler" means a secondary marketing loan pooler that is certified under section 9 of this Act.

(3) CORPORATION.—The term "Corporation" means the Venture Enhancement and Loan Development Administration for Smaller Undercapitalized Enterprises (Velda Sue) established in section 5 of this Act.

(4) GUARANTEE.—The term "guarantee" means the guarantee of timely payment of the principal and interest on qualified loans or securities representing interests in, or obligations backed by, pools of such qualified loans in accordance with this Act.

(5) INTERIM BOARD.—The term "interim board" means the interim board of directors established in section 6(a) of this Act.

(6) ORIGINATOR.—The term "originator" means any institution, bank, insurance company, business and industrial development company, savings and loan association, commercial finance company, trust company, credit union, small business lending company or development company licensed by the Small Business Administration to participate in financing programs under the Small Business Act or the Small Business Investment Act of 1958, or other entity that originates and services loans.

(7) PERMANENT BOARD.—The term "permanent board" means the permanent board of directors established in section 6(b) of this Act.

(8) QUALIFIED LOAN.—The term "qualified loan" means an extension of credit which—

(A) is secured by a fee-simple or lease hold mortgage with status as a first lien on real estate located in the United States or which is secured by an unsubordinated lien on any other type of property or equipment as the Board deems appropriate;

(B) is used to finance the acquisition, rehabilitation, renovation, modernization, refurbishing, or improvement of land, facilities, buildings or equipment used for productive business activities conducted in the United States;

(C) is an obligation of a person, corporation, or partnership that has training or business experience that, under criteria established by the Corporation, is sufficient to ensure a reasonable likelihood that the loan will be repaid according to its terms; and

(D) is an obligation of a small business concern.

(9) SMALL BUSINESS CONCERN.—The term "Small Business Concern" means a concern which is independently owned and operated and which is not dominant in its field of operations and which, together with its affiliates—

(A) qualifies for loans under section 7(a) of the Small Business Act under standards promulgated by the Small Business Administration, or

(B) does not have net worth in excess of $18,000,000 and does not have an average net income, after Federal income taxes, for the preceding two years in excess of $6,000,000 (average net income to be computed without benefit of any carryover loss).

(10) STATE.—The term "State" has the meaning given such term in section 3 of the Small Business Act.

SEC. 5. VENTURE ENHANCEMENT AND LOAN DEVELOPMENT ADMINISTRATION FOR SMALLER UNDERCAPITALIZED ENTERPRISES.

(a) ESTABLISHMENT.—There is hereby established a corporation to be known as the Venture Enhancement and Loan Development Administration for Smaller Undercapitalized Enterprises, which shall be a federally chartered instrumentality of the United States.

(b) DUTIES.—The Corporation shall—

(1) in consultation with originators, develop uniform underwriting, security appraisal, and repayment standards for qualified loans;

(2) determine the eligibility of certified poolers to contract with the Corporation for the provision of guarantees for specific mortgage pools; and

(3) provide guarantees for the timely repayment of principal and interest on qualified loans and securities representing interest in, or obligations backed by, pools of qualified loans.

SEC. 6. BOARD OF DIRECTORS.

(a) INTERIM BOARD.—

(1) NUMBER AND APPOINTMENT.—Until the permanent board of directors established in subsection (b) first meets with a quorum of its members present, the Corporation shall be under the management of an interim board of directors composed of seven members appointed by the President within ninety days after the effective date of this Act as follows:

(A) three members appointed from among persons who are representatives of banks, other financial institutions or entities, and insurance companies,

(B) two members appointed from among persons who are representative of small business, one of whom shall be an owner or operator of a small business,

(C) two members appointed from among persons who represent the interests of the general public and who are not serving, and have not served, as a director or officer of any financial institution or entity.

(2) POLITICAL AFFILIATION.—Not more than four members of the interim board shall be of the same political party.

(3) VACANCY.—A vacancy in the interim board shall be filled in the manner in which the original appointment was made.

(4) TERMS.—The members of the interim board shall be appointed for the life of such board.

(5) QUORUM.—Four members of the interim board shall constitute a quorum.

(6) CHAIRPERSON.—The President shall designate one of the members of the interim board as the chairperson of the interim board.

(7) MEETINGS.—The interim board shall meet at the call of the chairperson or a majority of its members.

(8) VOTING COMMON STOCK.—

(A) INITIAL OFFERING.—Upon the appointment of sufficient members of the interim board to convene a meeting with a quorum present, the interim board shall arrange for an initial offering of common stock and shall take whatever other actions are necessary to proceed with the operations of the Corporation.

(B) PURCHASES.—The voting common stock shall be offered to originators and to certified poolers.

(9) TERMINATION.—The interim board shall terminate when the permanent board of directors established in subsection (b) first meets with a quorum present.

(b) PERMANENT BOARD.—

(1) ESTABLISHMENT.—Immediately after the date that at least $30,000,000 of common stock of the Corporation has been purchased and fully paid for, the Corporation shall arrange for the election and appointment of a permanent board of directors. After the termination of the interim board of directors, the Corporation shall be under the management of the permanent board.

(2) COMPOSITION.—The permanent board shall consist of nine members, of which—

(A) five members shall be elected by holders of common stock of the Corporation; and

(B) four members shall be appointed by the President, by and with the advice and consent of the Senate; of the members so appointed,—

(i) none shall be, or have been, an owner, officer or director of any financial institution or financial entity;

(ii) all shall be representatives of the general public;

(iii) not more than two shall be members of the same political party; and

(iv) at least one shall be experienced in operating a small business and shall be a representative of small business.

(3) PRESIDENTIAL APPOINTEES.—The President shall appoint the members of the permanent board referred to in paragraph (2)(B) not later than 60 days after the stock sale referred to in paragraph (1).

(4) VACANCY.—

(A) ELECTED MEMBERS.—Subject to paragraph (6), a vacancy among the members elected to the permanent board in the manner described in paragraph (2)(A) shall be filled by the permanent board from among persons eligible for election to the position for which the vacancy exists.

(B) APPOINTED MEMBERS.—A vacancy among the members appointed to the permanent board under paragraph (2)(B) shall be filled in the manner in which the original appointment was made.

(5) CONTINUATION OF MEMBERSHIP.—If—

(A) any member of the permanent board who was elected to the permanent board from among persons who are representatives of originators ceases to be such a representative, or

(B) any member who was appointed by the President becomes an owner, officer or director of any financial institution or entity,

such member may continue as a member for not longer than a forty five-day period beginning on the date such member ceases to be such a representative.

(6) TERMS.—

(A) APPOINTED MEMBERS.—The members appointed by the President shall serve until their successors have been appointed and have qualified. The terms of such members shall be staggered as follows: one shall serve an initial term of one year, one an initial term of two years, one an initial term of three years, and one an initial term of four years. All subsequent appointments shall be for a term of four years except that any vacancy shall be filled for the unexpired term of the vacancy. Such members shall be removed only for cause.

(B) ELECTED MEMBERS.—The members elected under paragraph (2)(A) shall each be elected annually for a term ending on the date of the next annual meeting of the common stockholders of the Corporation and shall serve until their successors are elected and qualified.

(C) VACANCY APPOINTMENT.—Any member elected or appointed to fill a vacancy occurring before the expiration of the term for which the predecessor of the member was appointed shall be elected or appointed, as the case may be, only for the remainder of such term.

(D) SERVICE AFTER EXPIRATION OF TERM.—A number may serve after the expiration of the term of the member until the successor of the member has taken office.

(7) QUORUM.—Five members of the permanent board shall constitute a quorum.

(8) NO ADDITIONAL PAY FOR FEDERAL OFFICERS OR EMPLOYEES.—Members of the permanent board who are full time officers or employees of the United States shall receive no additional pay by reason of service on the permanent board.

(9) CHAIRPERSON.—The President shall designate one of the members of the permanent board who are appointed by the President as the chairperson of the permanent board.

(10) MEETINGS.—The permanent board shall meet at the call of the chairperson or a majority of its members.

(c) OFFICERS AND STAFF.—The Board may appoint, employ, fix the pay of, and provide other allowances and benefits for such officers and employees of the Corporation as the Board determines to be appropriate.

SEC. 7. POWERS AND DUTIES OF CORPORATION AND BOARD.

(a) AUTHORITY.—After the Board has been duly constituted, subject to the other provisions of this Act and other commitments and requirements established pursuant to law, the Corporation may guarantee, on such terms and conditions as it determines, qualified loans or securities issued on the security of, or in participation in, pooled interests in qualified loans, or it may issue securities based on the security of, or in participation in, pooled interests in qualified loans as provided in section 10.

(b) OBLIGATIONS.—

(1) The aggregate amount of obligations of the Corporation and obligations and securities guaranteed by the Corporation outstanding at any one time shall not exceed thirty times the sum of its capital, capital surplus, general surplus, reserves, and undistributed earnings, expressly excluding subordinated obligations, unless, based on amounts needed to assure reasonable safety and soundness of the Corporation and with due consideration of the need for the Corporation to facilitate the extension of long term credit to small businesses, the Secretary of the Treasury establishes a higher or lower ratio.

(2) All obligations issued by the Corporation or guaranteed by the Corporation shall be approved by a majority vote of the Board of Directors and shall be issued at such times and contain such terms and conditions as the Corporation shall determine, with approval of the Secretary of the Treasury. The Secretary shall not approve the issuance of any obligations or guarantees if he determines that the issuance would impair the financial safety or soundness of the Corporation. In no event shall the Corporation issue obligations or guarantees if the amount of its net realized earnings deficit exceeds or thereby would exceed the sum of its capital, capital surplus, general surplus, reserves and undistributed earnings.

(c) DUTIES OF THE BOARD.—The Board shall—

(A) determine the general policies that shall govern the operations of the Corporation;

(B) select, appoint, and determine the compensation of qualified persons to fill such offices as may be provided for in the bylaws of the Corporation; and

(C) assign to such persons such executive functions, powers, and duties as may be prescribed by the bylaws of the Corporation or by the Board.

(d) POWERS OF THE CORPORATION.—The Corporation shall be a body corporate and shall have the following powers:

(1) To operate under the direction of its Board.

(2) To issue stock in the manner provided in section 8.

(3) To adopt, alter, and use a corporate seal, which shall be judicially noted.

(4) To provide for a president, one or more vice presidents, secretary, treasurer, and such other officers, employees, and agents, as may be necessary, define their duties and compensation levels, all without regard to title 5, United States Code, and require surety bonds or make other provisions against losses occasioned by acts of the persons.

(5) To provide guarantees and issue obligations in the manner provided under section 10.

(6) To have succession until dissolved by a law enacted by the Congress.

(7) To prescribe bylaws, through the Board, not inconsistent with law, that shall provide for—

(A) the classes of the stock of the Corporation; and

(B) the manner in which—

(i) the stock shall be issued, transferred, and retired;

(ii) the officers, employees, and agents of the Corporation are selected;

(iii) the property of the Corporation is acquired, held, and transferred;

(iv) the commitments are made and other financial assistance of the Corporation is provided;

(v) the general business of the Corporation is conducted; and

(vi) the privileges granted by law to the Corporation are exercised and enjoyed;

(8) To prescribe such standards as may be necessary to carry out this Act.

(9) To enter into contracts and make payments with respect to the contracts.

(10) To prescribe and impose fees and charges for services by and guarantees of the Corporation as provided in section 12;

(11) To settle, adjust, and compromise, and with or without consideration or benefit to the Corporation, to release or waive in whole or in part, in advance or otherwise, any claim, demand or right of, by, or against the Corporation.

(12) To sue and be sued in its corporate capacity and to complain and defend in any action brought by or against the Corporation in any State or Federal court of competent jurisdiction.

(13) To make and perform contracts, agreements, and commitments.

(14) To acquire, hold, lease, mortgage or dispose of, at public or private sale, real and personal property, purchase or sell any securities and obligations, and otherwise exercise all the usual incidents or ownership of property necessary and convenient to the business of the Corporation.

(15) To exercise such other incidental powers as are necessary to carry out the powers, duties, and functions of the Corporation in accordance with this Act.

(e) FEDERAL RESERVE BANK AS DEPOSITORIES AND FISCAL AGENTS.—Notwithstanding any other provision of law, any depository institution, as defined in section 19(b)(1)(A) of the Federal Reserve Act (12 U.S.C. 461(b)(1)(A)), shall be authorized to make payments to the Corporation of the capital contributions referred to in this Act, to receive stock of the Corporation evidencing such capital contributions, and to dispose of such stock, subject to the provisions of this Act. It may also act as a depository for, or as a fiscal agent or custodian of, the Corporation.

SEC. 8. STOCK ISSUANCE.

(a) VOTING COMMON STOCK.—

(1) ISSUE.—The Corporation shall issue voting common stock having such par value as may be fixed by the Board from time to time. Each share of voting common stock shall be entitled to one vote with rights of cumulative voting at all elections of directors.

(2) AUTHORITY OF BOARD TO ESTABLISH TERMS AND PROCEDURES.—The Board shall adopt such terms, conditions, and procedures with regard to the issue of stock under this section as may be necessary, including the establishment of a maximum amount limitation on the number of shares of voting common stock that may be outstanding at any time.

(3) TRANSFERABILITY.—Subject to such limitations as the Board may impose, any share of any class of voting common stock issued under this section shall be transferable, except that, as to the Corporation, such shares shall be transferable only on the books of the Corporation.

(b) REQUIRED CAPITAL CONTRIBUTIONS.—

(1) IN GENERAL.—The Corporation may require each originator and each certified pooler to make, or commit to make, such nonrefundable capital contributions to the Corporation as are reasonable and necessary to meet the administrative expenses of the Corporation and to contribute to the financial safety and soundness of the Corporation.

(2) STOCK ISSUED AS CONSIDERATION FOR CONTRIBUTION.—The Corporation, from time to time, shall issue to each originator or certified pooler voting common stock evidencing any capital contributions made pursuant to this subsection.

(c) DIVIDENDS.—

(1) IN GENERAL.—Such dividends as may be declared by the Board, in its discretion, shall be paid by the Corporation to the holders of the voting common stock of the Corporation pro rata based on the total number of shares.

(2) RESERVE REQUIREMENTS.—No dividend may be declared or paid by the Board under this section unless the Board determines that adequate provision has been made for reserves.

(3) DIVIDENDS PROHIBITED WHILE OBLIGATIONS ARE OUTSTANDING.—No dividend may be declared or paid by the Board under this section while any obligation issued by the Corporation to the Secretary of the Treasury under section 15 remains outstanding.

(d) NONVOTING COMMON STOCK.—The Corporation is authorized to issue nonvoting common stock having such par value as may be determined by the Board from time to time. Such nonvoting common stock shall be freely transferable, except that, as to the Corporation, such stock shall be transferable only on the books of the Corporation. Such dividends as may be declared by the Board, in the discretion of the Board, to the holders of voting common stock shall also be declared by the Corporation to the holders of the nonvoting common stock of the Corporation, subject to paragraphs (2) and (3) of subsection (c).

(e) PREFERRED STOCK.—

(1) AUTHORITY OF BOARD.—The Corporation is authorized to issue nonvoting preferred stock having such par value as may be fixed by the Board from time to time. Such preferred stock issued shall be freely transferable, except that, as to the Corporation, such stock shall be transferred only on the books of the Corporation.

(2) RIGHTS OF PREFERRED STOCK.—Subject to paragraphs (2) and (3) of subsection (c), the holders of the preferred stock shall be entitled to such rate of cumulative dividends, and such holders shall be subject to such redemption or other conversion provisions, as may be provided for at the time of issuance. No dividends shall be payable on any share of common stock at any time when any dividend is due on any share of preferred stock and has not been paid.

(3) PREFERENCE ON TERMINATION OF BUSINESS.—In the event of any liquidation, dissolution, or winding up of the business of the Corporation, the holders of the preferred shares of stock shall be paid in full at the par value thereof, plus all accrued dividends, before the holders of the common shares receive any payment.

SEC. 9. CERTIFICATION OF LOAN POOLERS.

(a) ELIGIBILITY STANDARDS.—

(1) ESTABLISHMENT REQUIRED.—Within one hundred and eighty days after the date on which the permanent board first meets with a quorum present, the Corporation shall issue standards for the certification of loan poolers, including eligibility standards in accordance with paragraph (2).

(2) MINIMUM REQUIREMENTS.—To be eligible to be certified under the standards referred to in paragraph (1), a loan pooler shall—

(A) meet or exceed capital standards established by the Board;

(B) have as one of his purposes, the sale or resale of securities representing interests in, or obligations backed by, pools of qualified loans that have been guaranteed by the Corporation;

(C) demonstrate managerial ability with respect to loan underwriting, servicing, and marketing that is acceptable to the Corporation;

(D) adopt appropriate loan underwriting, appraisal, and servicing standards and procedures that meet or exceed the standards established by the Board;

(E) for purposes of enabling the Corporation to examine the pooler, agree to allow officers or employees of the Corporation to have access to all books, accounts, financial records, reports, files, and all other papers, things, or property, of any type whatsoever, belonging to or used by such pooler that are necessary to facilitate an examination of his operations in connection with securities, and the pools of qualified loans that back securities, for which the Corporation has provided guarantees; and

(F) adopt appropriate minimum standards and procedures relating to loan administration and disclosure to borrowers concerning the terms and rights applicable to loans for which a guarantee is provided, in conformity with uniform standards established by the Corporation.

(b) CERTIFICATION BY CORPORATION.—Within one hundred and twenty days after receiving an application for certification under this section, the Corporation shall certify the pooler if the applicant meets the standards established by the Corporation under subsection (a).

(c) MAXIMUM TIME PERIOD FOR CERTIFICATION.—Any certification by the Corporation shall be effective for a period determined by the Corporation, but not to exceed five years.

(d) REVOCATION.—

(1) IN GENERAL.—After notice and an opportunity for a hearing, the Corporation may revoke the certification of a pooler if the Corporation determines that such pooler no longer meets the standards referred to in subsection (a).

(2) EFFECT OF REVOCATION.—Revocation of a certification shall not affect any pool guarantee that has been issued by the Corporation.

SEC. 10. GUARANTEES AND OTHER OBLIGATIONS.

(a) GUARANTEE AUTHORIZED.—

(1) IN GENERAL.—Subject to the requirements of this section and on such other terms and conditions as the Corporation shall consider appropriate, the Corporation shall guarantee the timely payment of not to exceed 80 per centum of principal and interest on qualified loans and 100 per centum of the securities issued by a certified pooler that represent the guaranteed portion of interests in, or obligations backed by, any pool of qualified loans held by such certified pooler.

(2) DEFAULT.—If the issuer is unable to make any payment of principal or interest on any qualified loan, or security for which a guarantee has been provided by the Corporation under paragraph (1), subject to the provisions of subsection (b) the Corporation shall make such payment as and when due in cash, and on such payment shall be subrogated fully to the rights satisfied by such payment.

(3) POWER OF CORPORATION.—Notwithstanding any other provision of law, the Corporation is empowered, in connection with any guarantee under this subsection, whether before or after any default, to provide by contract with the issuer for the extinguishment, on default by the issuer, of any redemption, equitable, legal, or other right, title, or interest of the issuer in any mortgage or mortgages constituting the security for the loan or pool against which the guaranteed securities are issued. In the event of default and pursuant to the terms of the contract, the mortgages that constitute such security or pool shall, proportionate to the current ownership interests in the amount of the loans originally retained by the originators, become the absolute property of the Corpora-

tion subject only to the unsatisfied rights of the holders of the securities.

(b) STANDARDS REQUIRING DIVERSIFIED POOLS.—

(1) IN GENERAL.—To reduce the risks incurred by the Corporation in providing guarantees under this section and to further the purposes of this Act, the Board shall establish standards governing the composition of each pool (in connection with which such guarantees are provided) over the period during which the commitment to provide guarantees is effective.

(2) MINIMUM CRITERIA FOR LOAN POOLS.—The standards established by the Board pursuant to paragraph (1) for pools of qualified loans shall, at a minimum—

(A) require that any pool of loans, if feasible based upon the size of the pool—

(i) include security interests that are distributed geographically; and

(ii) vary in terms of amounts of principal;

(B) prohibit the inclusion in any such pool of—

(i) any loan the principal amount of which exceeds 5 per centum of the aggregate amount of principal of all loans in such pool; and

(ii) two or more loans to related borrowers; and

(C) require that each pool consist of not less than twenty loans.

(c) OTHER RESPONSIBILITIES OF AND LIMITATIONS ON POOLERS.—As a condition for providing any guarantees under this section for securities issued by a certified pooler that represent interests in, or obligations backed by, any pool of qualified loans, the Corporation shall require such pooler to agree to comply with the following requirements:

(1) DEFAULT RESOLUTION.—The pooler shall act in accordance with the standards of a prudent institutional lender to resolve defaults.

(2) SUBROGATION OF UNITED STATES AND CORPORATION TO INTERESTS OF POOLER.—The proceeds of any collateral, judgments, settlements, or guarantees received by the pooler with respect to any loan in such pool shall be applied, after payment of costs of collection—

(A) first, to reduce the amount of any principal outstanding on any obligation of the Corporation that was purchased by the Secretary of the Treasury under section 15 to the extent the proceeds of such obligation were used to pay claims for guarantees in connection with such securities; and

(B) second, to reimburse the Corporation for any such guarantee payments.

(3) SERVICING.—The originator of any loan in such pool shall be permitted, at his option, to retain the right to service the loan.

(4) COMPLIANCE WITH DIVERSIFIED POOL STANDARDS.—The pooler shall comply with the standards adopted by the Board under subsection (b) in establishing and maintaining the pool.

(5) MINORITY PARTICIPATION IN PUBLIC OFFERINGS.—The pooler shall take such steps as may be necessary to ensure that minority owned or controlled investment banking firms, underwriters, and bond counsels throughout the United States have an opportunity to participate to a significant degree in any public offering of securities.

(d) ADDITIONAL AUTHORITY OF THE BOARD.—To ensure the liquidity of securities for which guarantees have been provided under this section, the Board shall adopt appropriate standards regarding—

(1) the characteristics of any pool of qualified loans serving as collateral for such securities;

(2) registration requirements (if any) with respect to such securities; and

(3) transfer requirements.

(e) In addition to the guarantees authorized herein, the Corporation may purchase 80 per centum of the principal amount of qualified loans. If it makes such purchases, it shall promptly issue an equivalent amount of securities which are based on the security of, or in participation in, pooled interests in the purchased portion of the qualified loans.

SEC. 11. STANDARDS FOR QUALIFIED LOANS.

(a) STANDARDS.—Not later than one hundred and eighty days after the appointment and election of the Board, the Corporation, in consultation with originators, shall establish uniform underwriting, security appraisal, and repayment standards for qualified loans. In establishing standards for qualified loans, the Corporation shall limit eligibility, so far as practicable, to loans that are deemed by the Board to be of such quality so as to meet, substantially and generally, the purchase standards imposed by private institutional investors.

(b) MINIMUM CRITERIA.—To further the purpose of this Act to provide a new source of long-term fixed rate financing to assist small businesses, the standards established by the Board pursuant to subsection (a) shall, at a minimum—

(1) set the maximum principal amount of any loan which the Corporation will purchase or guarantee;

(2) limit the maximum term of the loan to thirty years in the case of land or facilities or to ten years in the case of equipment, but in no event longer than the useful life of the property;

(3) require that the principal amount of the loan will be fully amortized over the life of the loan;

(4) provide that no loan shall have a loan-to-value ratio in excess of 90 per centum;

(5) require each borrower to demonstrate sufficient cashflow to adequately service the loan;

(6) contain sufficient documentation standards; and

(7) contain adequate standards to protect the integrity of the appraisal process with respect to any loan.

(c) CONGRESSIONAL REVIEW.—No standard prescribed under this section shall take effect before the later of—

(1) the end of a period consisting of thirty legislative days and beginning on the date such standards are submitted to the Congress; or

(2) the end of a period consisting of ninety calendar days and beginning on such date the standards are submitted.

(e) NONDISCRIMINATION REQUIREMENT.—The standards established under subsection (a) shall not discriminate against small originators or small mortgage loans that are at least $50,000.

SEC. 12. FUNDING FOR GUARANTEE RESERVES OF CORPORATION.

(a) GUARANTEE FEES.—

(1) LOAN FEE.—At the time a guarantee is issued for a qualified loan by the Corporation or at the time the Corporation purchases a loan pursuant to section 10(e), the Corporation shall assess the originator a fee of not more than 2 per centum of the initial principal amount of the loan.

(2) POOLER FEE.—At the time a guarantee is issued for securities issued by a qualified pooler, the Corporation shall assess such pooler an additional fee of not more than one-half of 1 per centum of the principal amount of the loans then constituting the pool if the originator has already paid the fee for guarantee of a qualified loan as provided in paragraph (1). If the pool includes any loan on which the originator has not paid a guarantee fee, the Corporation shall assess the pooler a fee of not more than 2½ per centum of the principal amount of any such loan.

(3) DETERMINATION OF AMOUNT.—The Corporation shall establish such fees based on the amount of risk incurred by the Corporation in providing the financial assistance or guarantees with respect to which such fee is assessed, as determined by the Corporation. Fees assessed under paragraphs (1) or (2) shall be established on an actuarially sound basis, but not to exceed the per centums specified.

(b) ANNUAL REVIEW BY GAO.—The Comptroller General of the United States shall annually review, and submit to the Congress a report regarding, the actuarial soundness and reasonableness of the fees established and amounts collected by the Corporation under this subsection.

(c) CORPORATION RESERVE AGAINST GUARANTEE LOSSES REQUIRED.—

(1) IN GENERAL.—So much of the fees assessed under this section as the Board determines to be necessary shall be set aside by the Corporation in a segregated account as a reserve against losses arising out of the guarantee activities of the Corporation.

(2) EXHAUSTION OF RESERVE REQUIRED.—The Corporation may not issue obligations to the Secretary of the Treasury under section 15 in order to meet the obligations of the Corporation with respect to any guarantees or securities issued provided under this Act until the reserve established under paragraph (1) has been exhausted.

(d) FEES TO COVER ADMINISTRATIVE COSTS AUTHORIZED.—The Corporation may impose charges or fees in reasonable amounts in connection with the administration of its activities under this Act to recover its costs for performing such administration.

SEC. 13. SUPERVISION, EXAMINATION, AND REPORT OF CONDITION.

(a) REGULATION.—

(1) AUTHORITY.—The Secretary of the Treasury (hereinafter in this section referred to as the Secretary) is authorized and directed to examine the financial condition of the Corporation and its activities. The Secretary shall have general regulatory power over the Corporation to insure that the purposes of this Act are accomplished, especially with respect to the Corporation's safety and soundness and the safe and sound performance of the Corporation's powers, functions and duties.

(2) CONSIDERATIONS.—In exercising its authority pursuant to this section, the Secretary shall consider—

(A) the purposes for which the Corporation was created;

(B) the practices appropriate to the conduct of secondary markets in loans; and

(C) the reduced levels of risk associated with appropriately structured secondary market transactions.

(b) EXAMINATIONS AND AUDITS.—

(1) IN GENERAL.—The financial transactions of the Corporation shall be examined by examiners of the Secretary in accordance with the principles and procedures applicable to commercial corporate transactions under such rules and regulations as may be prescribed by the Secretary.

(2) FREQUENCY.—The examinations shall occur at such times as the Secretary may determine, but in no event less than once each year.

(3) ACCESS.—The examiners shall—

(A) have access to all books, accounts, financial records, reports, rules, and all other papers, things, or property belonging to or in use by the Corporation and necessary to facilitate the audit; and

(B) be afforded full access for verifying transactions with certified poolers and other entities with whom the Corporation conducts transactions.

(c) ANNUAL REPORT OF CONDITION.—The Corporation shall make and publish an annual report of condition as prescribed by the Secretary. Each report shall contain financial statements prepared in accordance with generally accepted accounting principles and contain such additional information as the Secretary may by regulation prescribe. The financial statements of the Corporation shall be audited by an independent public accountant. If the Secretary, in his discretion, determines that it would contribute to the financial safety and soundness of the Corporation and would not impose an undue expense or administrative burden on it, he may also require the Corporation to include in the report additional financial statements prepared on a market-value basis, including the Corporation's market-value net worth.

(d) ASSESSMENTS TO COVER COSTS.—The Secretary shall assess the Corporation for the cost to the Secretary of any regulatory activities conducted under this section, including the cost of any examination.

SEC. 14. SECURITIES.

(a) FEDERAL LAWS.—

(1) APPLICABILITY OF CERTAIN FEDERAL SECURITIES LAWS.—For purposes of section 3(a)(2) of the Securities Act of 1933, no security issued by the Corporation nor qualified loan nor security representing an interest in a pool of qualified loans for which guarantees have been provided by the Corporation shall be deemed to be a security issued or guaranteed by a person controlled or supervised by, or acting as an instrumentality of, the Government of the United States. No such security shall be deemed to be a "government security" for purposes of the Securities Exchange Act of 1934 or for purposes of the Investment Company Act of 1940.

(2) NO FULL FAITH AND CREDIT OF THE UNITED STATES.—Each loan or security for which credit enhancement has been provided by the Corporation and each security issued by the Corporation shall clearly indicate that it is not an obligation of, and is not guaranteed as to principal or interest by the United States, or any other agency or instrumentality of the United States (other than the Venture Enhancement and Loan Development Administration for Smaller Undercapitalized Enterprises).

(b) STATE SECURITIES LAWS.—

(1) GENERAL EXEMPTION.—Any security issued by the Corporation and any qualified loan, security or obligation that has been provided a guarantee by the Corporation shall be exempt from any law of any State with respect to or requiring registration or qualification of securities or real estate to the same extent as any obligation issued by, or guaranteed as to principal and interest by, the United States or any other agency or instrumentality of the United States.

(2) STATE OVERRIDE.—The provisions of paragraph (1) shall not be applicable to any State that, during the 5-year period beginning on the effective date of this Act, enacts a law that—

(A) specifically refers to this subsection; and

(B) expressly provides that paragraph (1) shall not apply to the State.

(c) AUTHORIZED INVESTMENTS.—

(1) IN GENERAL.—Securities issued by the Corporation and qualified loans, or securities representing an interest in, or obligations backed by, pools of qualified loans with respect to which the Corporation has provided a guarantee shall be authorized investments of any person, trust corporation, partnership, association, business trust, or business entity created pursuant to or existing under the laws of the United States or any State to the same extent that the person, trust, corporation, partnership, association, business trust, or business entity is authorized under any applicable law to purchase, hold, or invest in obligations issued by or guaranteed as to principal and interest by the United States or any agency or instrumentality of the United States. Such loans, securities or obligations may be accepted as security for all fiduciary, trust, and public funds, the investment or deposits of which shall be under the authority and control of the United States or any State or any officers of either.

(2) STATE LIMITATIONS ON PURCHASE, HOLDING, OR INVESTMENT.—If State law limits the purchase, holding, or investment in obligations issued by the United States by the person, trust, corporation, partnership, association, business trust, or business entity, then qualified loans, or securities or obligations of a certified pooler on which the Corporation has provided a guarantee shall be considered to be obligations issued by the United States for purposes of the limitation.

(3) NONAPPLICABILITY OF PROVISIONS.—

(A) SUBSEQUENT STATE LAW.—Paragraphs (1) and (2) shall not apply with respect to a particular person, trust, corporation, partnership, association, business trust, or business entity, or class thereof, in any State that, prior to the expiration of the five year period beginning on the date of the enactment of this Act, enacts a law that specifically refers to this section and either prohibits or provides for a more limited authority to purchase, hold, or invest in the qualified loans or securities by any person, trust, corporation, partnership, association, business trust, or business entity, or class thereof, than is provided in paragraphs (1) and (2).

(B) EFFECT OF SUBSEQUENT STATE LAW.—The enactment by any State of a law of the type described in subparagraph (A) shall not affect the validity of any contractual commitment to purchase, hold, or invest that was made prior to the effective date of the law and shall not require the sale or other disposition of any loans or securities acquired prior to the effective date of the law.

(d) STATE USURY LAWS SUPERSEDED.—Any provision of the constitution or law of any State which expressly limits the rate or amount of interest, discount points, finance charges, or other charges that may be charged, taken, received, or reserved by the Corporation, originators or certified poolers shall not apply to any qualified loan made by an originator or to security issued by the Corporation or a certified pooler in accordance with this Act.

SEC. 15. AUTHORITY TO ISSUE OBLIGATIONS TO COVER LOSSES OF CORPORATION.

(a) SALE OF OBLIGATIONS TO TREASURY.—

(1) IN GENERAL.—Subject to the limitations contained in section 12(c) and the requirement of paragraph (2), the Corporation may issue obligations to the Secretary of the Treasury, the proceeds of which may be used by the Corporation solely for the purpose of fulfilling the obligations of the Corporation under any security issued by the Corporation or guarantee provided by the Corporation under this Act.

(2) CERTIFICATION.—The Secretary of the Treasury may purchase obligations of the Corporation under paragraph (1) only if the Corporation certifies to the Secretary that—

(A) the requirements of section 12(c) have been fulfilled; and

(B) the proceeds of the sale of such obligations are needed to fulfill the obligations of the Corporation under any guarantee provided by or security issued by the Corporation under this Act.

(b) LIMITATION OF AMOUNT OF OUTSTANDING OBLIGATIONS.—The aggregate amount of obligations issued by the Corporation under subsection (a)(1) which may be held by the Secretary of the Treasury at any time (as determined by the Secretary) shall not exceed $1,500,000,000.

(c) TERMS OF OBLIGATION.—

(1) INTEREST.—Each obligation purchased by the Secretary of the Treasury shall bear interest at a rate determined by the Secretary, taking into consideration the average rate on outstanding marketable obligations of the United States as of the last day of the last calendar month ending before the date of the purchase of such obligation.

(2) REDEMPTION.—The Secretary of the Treasury shall require that such obligations be repurchased by the Corporation within a reasonable time.

(d) COORDINATION WITH TITLE 31, UNITED STATES CODE.—

(1) AUTHORITY TO USE PROCEEDS FROM SALE OF TREASURY SECURITIES.—For the purpose of purchasing obligations of the Corporation, the Secretary of the Treasury may use as a public debt transaction the proceeds from the sale by the Secretary of any securities issued under chapter 31 of title 31, United States Code, and the purposes for which securities may be issued under such chapter are extended to include such purchases.

(2) TREATMENT OF TRANSACTIONS.—All purchases and sales by the Secretary of the Treasury of obligations issued by the Corporation under this section shall be treated as public debt transactions of the United States.

(e) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Secretary of the Treasury $1,500,000,000, without fiscal year limitation, to carry out the purposes of this Act.

SEC. 16. FEDERAL JURISDICTION.

(a) Notwithstanding section 1349 of title 28, United States Code, or any other provision of law:

(1) The Corporation shall be considered an agency under sections 1345 and 1442 of such title.

(2) All civil actions to which the Corporation is a party shall be deemed to arise under the laws of the United States and, to the extent applicable, shall be deemed to be governed by Federal common law. The district courts of the United States shall have original jurisdiction of all such actions, without regard to the amount of value.

(3) Any civil or other action, case, or controversy in a court of a State or any court, other than a district court of the United States, to which the Corporation is a party may at any time before trial be removed by the Corporation, without the giving of any bond or security—

(A) to the district court of the United States for the district and division embracing the place where the same is pending; or

(B) if there is no such district court, to the district court of the United States for the district in which the principal office of the Corporation is located;

by following any procedure for removal for causes in effect at the time of such removal.

(4) No attachment or execution shall be issued against the Corporation or any of the

property of the Corporation before final judgment in any Federal, State, or other court.

(b) NATURE OF CORPORATION.—The Corporation shall, for the purposes of section 14(b)(2) of the Federal Reserve Act (12 U.S.C. 355), be deemed to be an agency of the United States. The obligations of the Corporation shall be deemed to be obligations of the United States for purposes of section 3124 of title 31, United States Code. For the purpose of section 101(41) of title 11, United States Code, the Corporation shall be deemed to be an agency of the United States; however, for the purpose of section 101(35) of title 11, United States Code, the Corporation shall not be deemed to be a governmental unit, but instead shall be deemed to be a corporation.

(c) FRAUD BY CORPORATE OFFICER.—Section 1006 of title 18, United States Code, is amended by inserting before "or any Small Business Investment Company," the following: "or the Venture Enhancement and Loan Development Administration for Smaller Undercapitalized Enterprises,".

(d) BANKING AUTHORITY.—The sixth sentence of the seventh paragraph of section 5136 of the Revised Statutes of the United States (12 U.S.C. 24) is amended by inserting after "Student Loan Marketing Association," the following "or obligations or other instruments or securities of the Venture Enhancement and Loan Development Administration for Smaller Undercapitalized Enterprises,".

SEC. 17. GAO AUDIT OF CORPORATION.

(a) AUDITS AUTHORIZED.—Notwithstanding any other provision of law and under such regulations as the Comptroller General may prescribe, the Comptroller General shall perform a financial audit of the Corporation on whatever basis the Comptroller General determines to be necessary.

(b) COOPERATION OF CORPORATION REQUIRED.—The Corporation shall—

(1) make available to the Comptroller General for audit all records and property of, or used or managed by, the Corporation which may be necessary for the audit; and

(2) provide the Comptroller General with facilities for verifying transactions with the balances of securities held by any depositary, fiscal agent, or custodian.

SEC. 18. FEDERAL FUNDING.

(a) INTERIM TEMPORARY ADVANCES.—After the Corporation has sold the minimum amount of common stock as provided in section 10(b)(1), the Secretary of the Treasury shall purchase obligations of the Corporation in such sums, and at such times, as the Corporation may request, but not to exceed $300,000,000. The proceeds shall be deemed to be capital of the Corporation for purposes of section 7(b)(1).

(1) TERM AND INTEREST.—The obligations shall be repayable over a term of ten years commencing fifteen years after the date of the purchase by the Secretary. Repayments shall be amortized and the obligations shall bear interest at a rate determined by the Secretary, taking into consideration the current average market yield on outstanding marketable obligations of the United States with fifteen years maturities, adjusted to the nearest one-eighth of 1 per centum. During the first five years of each obligation, interest payments shall be limited annually not to exceed the retained earnings of the corporation after all other expenses except such interest payments have been made.

(2) PREPAYMENTS.—The Corporation may pre-pay the obligations at any time without the payment of any type of prepayment penalty.

(b) WARRANTS.—Upon the purchase of obligations pursuant to subsection (a), the Corporation shall issue warrants to the Secretary of the Treasury for the purchase of non-voting common stock in the Corporation. If the warrants are exercised by the Secretary, the stock so acquired shall be non-voting as long as it is held by the Secretary. The warrants shall be freely transferable and if exercised by any person in any capacity other than as an employee or officer of the Federal government, stock so acquired shall be with full voting rights.

(1) AMOUNT.—The exercise price of the warrants shall be the average price at which voting common stock of the Corporation, was sold during the year preceding issuance of the warrants, plus 10 per centum. The Secretary shall receive warrants in such amounts as will enable the Secretary to purchase one dollar in common stock for each ten dollars of obligations purchased under subsection (a).

(2) DURATION.—The warrants shall be exercisable at any time by the Secretary for a period of 15 years from the date of issuance.

(c) AUTHORIZATION.—In addition to the amounts authorized in section 15(e), there are authorized to be appropriated to the Secretary of Treasury, $300,000,000 without fiscal year limitation, to carry out the provisions of this section.

FACT SHEET ON VELDA SUE

The "Venture Enhancement and Loan Development Administration for Smaller Undercapitalized Enterprises" ("VELDA SUE").

WHAT IS VELDA SUE?

Velda Sue, the Venture Enhancement and Loan Development Administration for Smaller Undercapitalized Enterprises, would seek to replicate the success of Fannie Mae and Freddie Mac in packaging mortgages for the secondary market, and applying it to the area of small business lending.

Through packaging and securitizing small business loans, Velda Sue would assist smaller businesses in obtaining credit by making it possible for institutional investors, such as pension funds, to purchase small business industrial mortgages in the same manner they can today purchase residential mortgages through Fannie Mae and Freddie Mac.

HOW WOULD VELDA SUE WORK?

Velda Sue would be a publicly traded, government-sponsored enterprise, established with seed money from private venture capital and with a U.S. government loan, that would be repaid, with interest.

In its start-up phase, Velda Sue would work with experts from the securities rating agencies such as Standard and Poor and Moody's to develop a set of standards for packaging groups of small business loans at the level of 80 percent of the total loan that is granted by a bank or other lending institution, secured by real estate. These loans would be for a fixed term, such as seven years, and provide a competitive rate of interest. Like the securities sold by Fannie Mae and Freddie Mac, the interest rates would be somewhat higher than U.S. Treasuries, but lower than the rates for lower-grade or "junk" bonds. The Velda Sue securities would then be traded on public exchanges, and whose value would rise and fall with overall interest rates, in tandem with other securities of similar terms.

Banks would continue to originate the small business loans eligible for securitization by Velda Sue, as would S&Ls, commercial finance companies, insurance companies, small business lending companies, and other loan origination businesses. In order to meet Velda Sue's underwriting standards, each loan would have to be secured by a non-subordinated mortgage, and be made to an enterprise which qualifies as a small business under the Small Business Act—one that does not have a net worth in excess of $18 million or an average net income in excess of $6 million. Velda Sue would not securitize the entire loan, only 80 percent, leaving the other 20 percent with the originating institution, insuring that the originator shares in any risk of default.

Velda Sue would be self-financing, with its operations paid through fees imposed on originators and poolers, with the Secretary of the Treasury given regulatory responsibility over its activities, and a board of directors consisting of a mix of private citizens appointed by share-holders and government appointees.

WHO WOULD BENEFIT FROM VELDA SUE?

Velda Sue would benefit three different classes at once: small business borrowers, lenders, and investors.

Credit-worthy small business borrowers would now have sources of capital available even if banks in their region are curtailing lending in response to regulatory pressures.

Banks who do not want to be penalized by regulators under risk-based capital standards for having too little capital, can lend to a small business, sell off 80 percent of the loan, and have just one-fifth of the loan applied against their capital. The result would be that each bank would be in a position to make up to five times as many small business loans.

Investors would have be able to purchase small business industrial mortgages at an attractive interest rate and a favorable price, at very little risk.

WHY IS VELDA SUE NECESSARY?

The credit crunch is real, and it is having an impact on our overall recovery. The United States has seen very substantial contractions in commercial and industrial lending over the past two years, amounting to a net reduction of $70 billion nationally over the past two years, with the contraction extending to every region.

As Federal Reserve chairman Alan Greenspan recently testified, "incentives to lend have been dampened by market and regulatory pressures for depository institutions to increase capital ratios, as well as by other factors raising their costs of intermediating credit, such as higher deposit insurance premiums, rising regulatory costs, and more stringent supervisory oversight. As a result, banking and thrift institutions have sought to limit balance-sheet growth or actually to shrink. * * * Historically, banking institutions have played a critical role in financing small and medium-sized businesses—firms that in the past have been a key source of growth in the economy. Some of the factors leading to the relative shrinkage of our banking industry, by limiting the availability of credit to smaller firms, have restrained aggregate demand and thus have significantly hindered the economic expansion."

What this has meant, in practical terms, is that banks who are trying to respond to regulatory pressure are not lending—even to credit-worthy businesses. Instead, encouraged by regulations that force them to count loans against capital, they are purchasing risk-free government securities that they do not have to count against their capital.

Every loan not made means less capital available to help small businesses invest in

equipment and hire more workers, or to enable a consumer to buy a new car. Most economists see increased lending as a key to stimulating the sluggish economy.

Velda Sue would combat the credit crunch on small business lending, by creating a secondary market for such loans accessible to pension funds and insurance companies and other major institutional investors, making long-term capital available to finance purchases of plants and equipment.

WHY CAN'T THE PRIVATE SECTOR SECURITIZE SMALL BUSINESS LOANS WITHOUT VELDA SUE?

Just as Fannie Mae and Freddie Mac created the securities markets for residential mortgages, a GSE like Velda Sue is necessary to create the securities market for commercial and industrial small business loans. In the absence of a GSE, there is no one in a position to standardize loan packages and to absorb some of the risk through credit enhancement, thereby making the securities marketable.

Some people contend that the reason there is no market for small business industrial mortgage loan securities today is that small business lending is not easily standardized. This argument was once used to suggest that residential mortgages could not be packaged and securitized, either. In fact, a GSE can create a new market.

DOES VELDA SUE REQUIRE THE FULL-FAITH AND CREDIT OF THE UNITED STATES?

Absolutely not. Velda Sue would be similar in many respects to Fannie Mae, Freddie Mac, and Sallie Mae in its function and its mechanisms, and would be a government-sponsored enterprise that is not backed by the full faith and credit of the United States, but instead, has enhanced credit by being able to draw on a limited line of government credit.

Unlike FDIC insurance, a GSE does not promise to the purchasers of the securities that there would be a government bailout if something went wrong. To the contrary, every security issued by Velda Sue would be required to state on its face that it was not guaranteed by the federal government.

WHAT WOULD VELDA SUE COST?

Once operational, Velda Sue should cost the taxpayers nothing. Initially, however, some federal funds would be loaned to Velda Sue as seed money, which would then be repaid by Velda Sue out of its operational revenues.

Under the terms of the Velda Sue proposed legislation, the federal government would sponsor Velda Sue with initially loans of funds by the government of up to $300 million, after Velda Sue had raised $30 million in private funds. These U.S. government loans would be repaid to the Treasury by Velda Sue in fifteen years or less, with interest. Thus over the long term, Velda Sue would function with no cost to the Treasury. In addition, Velda Sue would under certain circumstances have the ability to call on the Treasury for additional short-term purchases of its obligations up to $1.5 billion, as a means of creating credit-enhancement through the limited backing of the Treasury. In turn, the Treasury would according to mutually agreed upon terms sell these obligations back to Velda Sue, plus interest, with no net cost to the government.

Thus, Velda Sue is designed so that that the taxpayers overall will not have to pay a single penny for its existance.

WHAT IS VELDA SUE'S LEGISLATIVE HISTORY?

Velda Sue was originally conceptualized by Congressman John La Falce, chairman of the House Small Business Committee, who has introduced the legislation a number of times since 1980. During that period, the Velda Sue concept has undergone a number of enhancements, and has been endorsed by numerous groups representing small business, including the Chamber of Commerce.

Most recently, Velda Sue was introduced as H.R. 660.

By Mr. BRADLEY:

S. 513. A bill to amend the Internal Revenue Code of 1986 to increase the excise taxes on tobacco products, and to use the resulting revenues to fund a trust fund for health care reform, and for other purposes; to the Committee on Finance.

HEALTH IMPROVEMENT ACT OF 1993

• Mr. BRADLEY. Mr. President, I rise today to introduce legislation that takes a bold step toward reducing the devastating health and financial effects of tobacco use in this country. My distinguished colleague in the House, Congressman MIKE ANDREWS, today is introducing companion legislation.

Mr. President, 2 years ago I rose before this Chamber to talk about the destructive effects of tobacco use and to introduce legislation that would begin to redress these effects. Since that time close to 1 million more people have died from tobacco-related illnesses. The time to stop this travesty is now, and to do that I am introducing legislation that will raise the Federal excise tax on tobacco fourfold.

Nearly 30 years after the 1964 Surgeon General's report sounded the health alarm for smoking, one-fourth of the Nation's adults remain addicted to cigarettes. Smoking now kills an estimated 435,000 Americans every year—more than alcohol, heroin, crack, automobile and airplane accidents, homicides, suicides, and AIDS combined. Furthermore, environmental tobacco smoke—smoke from other people's cigarettes—causes tens of thousands of additional deaths.

If these statistics were not staggering enough, each year a growing number of teenagers start smoking, even though selling cigarettes to minors is illegal. This is also the only group in the country where smoking is on the rise. The efforts that have been waged by public health officials against youth smoking have been dwarfed by the billions spent by the industry on advertising aimed at children and teenagers. The addiction of children to tobacco, and consequently the long-term effects, is a moral disgrace.

A spokesman for the Tobacco Institute, a lobbying group for the tobacco industry, was quoted as saying with regard to smoking:

This is a day and age when we ultimately have to recognize that adults are going to indulge in the legal pleasures that others don't approve of.

My response to the industry is: This legal pleasure kills more than one out of three long-term users when used as intended. This legal pleasure has been determined to be a major cause of heart disease, lung cancer, emphysema, chronic bronchitis, low-birthweight babies, strokes, and a variety of other diseases. This legal pleasure is as addictive as cocaine or heroin. They are right that I don't approve of the effects of this legal pleasure, and for good reason.

Furthermore, this legal pleasure contributes substantially to health care costs every year. One of the most effective things we can do to control health care costs is to end smoking. I view tobacco taxes as compensation for the health care cost burden we are forced to bear, thanks to smoking. This tax should be thought of as a downpayment on health care reform—a very important goal considering all of the health problems that are caused by smoking.

People call this a sin tax. Mr. President, the sin is a government that allows 400,000 people to die every year without doing what they can about it. The sin is a government that sits back while billions of dollars are spent on health care to address problems caused by tobacco. We cannot ignore this toll any longer.

Mr. President, the Government should speak with one voice on this problem, and that voice should unequivocally say: "Tobacco use will harm you." We will not subsidize the seller; we will not underwrite the smoker; we will support efforts to stop; and we will dedicate our resources to preventing Americans from ever starting.

I ask unanimous consent that the text of the bill and a bill summary follow my remarks.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 513

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Tobacco Consumption Reduction and Health Improvement Act of 1993".

SEC. 2. INCREASE IN TAXES ON TOBACCO PRODUCTS.

(a) IN GENERAL.—

(1) CIGARS.—Subsection (a) of section 5701 of the Internal Revenue Code of 1986 (relating to rate of tax on cigars) is amended—

(A) by striking "$1.125 cents per thousand (93.75 cents per thousand on cigars removed during 1991 and 1992)" in paragraph (1) and inserting "$4.6875 per thousand"; and

(B) by striking paragraph (2) and inserting the following new paragraph:

"(2) LARGE CIGARS.—On cigars weighing more than 3 pounds per thousand, a tax equal to 50 percent of the price for which sold but not more than $120 per thousand."

(2) CIGARETTES.—Subsection (b) of section 5701 of such Code (relating to rate of tax on cigarettes) is amended—

(A) by striking "$12 per thousand ($10 per thousand on cigarettes removed during 1991 and 1992)" in paragraph (1) and inserting "$50 per thousand"; and

(B) by striking "$25.20 per thousand ($21 per thousand on cigarettes removed during 1991 and 1992)" in paragraph (2) and inserting "$105 per thousand".

(3) CIGARETTE PAPERS.—Subsection (c) of section 5701 of such Code (relating to rate of tax on cigarette papers) is amended by striking "0.75 cent (0.625 cent on cigarette papers removed during 1991 or 1992)" and inserting "3.12 cents".

(4) CIGARETTE TUBES.—Subsection (d) of section 5701 of such Code (relating to rate of tax on cigarette tubes) is amended by striking "1.5 cents (1.25 cents on cigarette tubes removed during 1991 or 1992)" and inserting "6.25 cents".

(5) SNUFF.—Paragraph (1) of section 5701(e) of such Code (relating to rate of tax on smokeless tobacco) is amended by striking "36 cents (30 cents on snuff removed during 1991 or 1992)" and inserting "$1.50".

(6) CHEWING TOBACCO.—Paragraph (2) of section 5701(e) of such Code is amended by striking "12 cents (10 cents on chewing tobacco removed during 1991 or 1992)" and inserting "50 cents".

(7) PIPE TOBACCO.—Subsection (f) of section 5701 of such Code (relating to rate of tax on pipe tobacco) is amended by striking "67.5 cents (56.25 cents on chewing tobacco removed during 1991 or 1992)" and inserting "$2.8125".

(b) FLOOR STOCKS.—

(1) IMPOSITION OF TAX.—On cigars, cigarettes, cigarette paper, cigarette tubes, snuff, chewing tobacco, and pipe tobacco manufactured in or imported into the United States which is removed before January 1, 1994, and held on such date for sale by any person, there shall be imposed the following taxes:

(A) SMALL CIGARS.—On cigars, weighing not more than 3 pounds per thousand, $3.5625 per thousand.

(B) LARGE CIGARS.—On cigars, weighing more than 3 pounds per thousand, a tax equal to 37.25 percent of the price for which sold, but not more than $90 per thousand.

(C) SMALL CIGARETTES.—On cigarettes, weighing not more than 3 pounds per thousand, $38 per thousand.

(D) LARGE CIGARETTES.—On cigarettes, weighing more than 3 pounds per thousand, $79.80 per thousand; except that, if more than 6½ inches in length, they shall be taxable at the rate prescribed for cigarettes weighing not more than 3 pounds per thousand, counting each 2¾ inches, or fraction thereof, of the length of each as one cigarette.

(E) CIGARETTE PAPERS.—On cigarette papers, 2.37 cents for each 50 papers or fractional part thereof; except that, if cigarette papers measure more than 6½ inches in length, they shall be taxable at the rate prescribed, counting each 2¾ inches, or fraction thereof, of the length of each as one cigarette paper.

(F) CIGARETTE TUBES.—On cigarette tubes, 4.75 cents for each 50 tubes or fractional part thereof; except that, if cigarette tubes measure more than 6½ inches in length, they shall be taxable at the rate prescribed, counting each 2¾ inches, or fraction thereof, of the length of each as one cigarette tube.

(G) SNUFF.—On snuff, $1.14 per pound and a proportionate tax at the like rate on all fractional parts of a pound.

(H) CHEWING TOBACCO.—On chewing tobacco, 38 cents per pound and a proportionate tax at the like rate on all fractional parts of a pound.

(I) PIPE TOBACCO.—On pipe tobacco, $2.1375 per pound and a proportionate tax at the like rate on all fractional parts of a pound.

(2) LIABILITY FOR TAX AND METHOD OF PAYMENT.—

(A) LIABILITY FOR TAX.—A person holding cigars, cigarettes, cigarette paper, cigarette tubes, snuff, chewing tobacco, and pipe tobacco on January 1, 1994, to which any tax imposed by paragraph (1) applies shall be liable for such tax.

(B) METHOD OF PAYMENT.—The tax imposed by paragraph (1) shall be treated as a tax imposed under section 5701 of the Internal Revenue Code of 1986 and shall be due and payable on February 15, 1994, in the same manner as the tax imposed under such section is payable with respect to cigars, cigarettes, cigarette paper, cigarette tubes, snuff, chewing tobacco, and pipe tobacco removed on January 1, 1994.

(3) CIGARS, CIGARETTES, CIGARETTE PAPER, CIGARETTE TUBES, SNUFF, CHEWING TOBACCO, AND PIPE TOBACCO.—For purposes of this subsection, the terms "cigar", "cigarette", "cigarette paper", "cigarette tubes", "snuff", "chewing tobacco", and "pipe tobacco" shall have the meaning given to such terms by subsections (a), (b), (e), and (g), paragraphs (2) and (3) of subsection (n), and subsection (o) of section 5702 of the Internal Revenue Code of 1986, respectively.

(4) EXCEPTION FOR RETAIL STOCKS.—The taxes imposed by paragraph (1) shall not apply to cigars, cigarettes, cigarette paper, cigarette tubes, snuff, chewing tobacco, and pipe tobacco in retail stocks held on January 1, 1994, at the place where intended to be sold at retail.

(5) FOREIGN TRADE ZONES.—Notwithstanding the Act of June 18, 1934 (19 U.S.C. 81a et seq.) or any other provision of law—

(A) cigars, cigarettes, cigarette paper, cigarette tubes, snuff, chewing tobacco, and pipe tobacco—

(i) on which taxes imposed by Federal law are determined, or customs duties are liquidated, by a customs officer pursuant to a request made under the first proviso of section 3(a) of the Act of June 18, 1934 (19 U.S.C. 81c(a)) before January 1, 1994, and

(ii) which are entered into the customs territory of the United States on or after January 1, 1994, from a foreign trade zone, and

(B) cigars, cigarettes, cigarette paper, cigarette tubes, snuff, chewing tobacco, and pipe tobacco which—

(i) are placed under the supervision of a customs officer pursuant to the provisions of the second proviso of section 3(a) of the Act of June 18, 1934 (19 U.S.C. 81c(a)) before January 1, 1994, and

(ii) are entered into the customs territory of the United States on or after January 1, 1994, from a foreign trade zone,

shall be subject to the tax imposed by paragraph (1) and such cigars, cigarettes, cigarette paper, cigarette tubes, snuff, chewing tobacco, and pipe tobacco shall, for purposes of paragraph (1), be treated as being held on January 1, 1994, for sale.

(c) ESTABLISHMENT OF TRUST FUND.—

(1) IN GENERAL.—Subchapter A of chapter 98 of the Internal Revenue Code of 1986 (relating to trust fund code) is amended by adding at the end thereof the following new section:

"SEC. 9512. HEALTH REFORM TRUST FUND.

"(a) CREATION OF TRUST FUND.—There is established in the Treasury of the United States a trust fund to be known as the 'Health Reform Trust Fund' (hereafter referred to in this section as the 'Trust Fund'), consisting of such amounts as may be appropriated or credited to the Trust Fund as provided in this section or section 9602(b).

"(b) TRANSFERS TO TRUST FUND.—The Secretary shall transfer to the Trust Fund an amount equivalent to the net increase in revenues received in the Treasury attributable to the amendments made to section 5701 by section 2(a) and the provisions contained in section 2(b) of the Tobacco Consumption Reduction and Health Reform Act of 1993, as estimated by the Secretary.

"(c) DISTRIBUTION OF AMOUNTS IN TRUST FUND.—

"(1) UNINSURED PERSONS.—Eighty percent of the amounts in the Trust Fund shall be available in each fiscal year, as provided by appropriation Acts, to the Secretary for the provision of medical care and medical insurance to persons without medical insurance.

"(2) OTHER.—Twenty percent of the amounts in the Health Reform Trust Fund shall be available in each fiscal year, as provided by appropriation Acts, to the Secretary to—

"(A) develop and implement health education programs;

"(B) develop and implement smoking cessation programs; and

"(C) distribute to each State that was required by State law to decrease State taxes on the sale of tobacco products (as defined in section 5702(c)) as a result of the increase in the Federal excise tax on such products provided for in section 2(a) of the Tobacco Consumption Reduction and Health Reform Act of 1993."

(2) CLERICAL AMENDMENT.—The table of sections for such subchapter A is amended by adding at the end thereof the following new item:

"Sec. 9512. Health Reform Trust Fund."

(d) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to cigars, cigarettes, cigarette paper, cigarette tubes, snuff, chewing tobacco, and pipe tobacco removed after December 31, 1993.

BILL SUMMARY—TOBACCO CONSUMPTION REDUCTION AND HEALTH IMPROVEMENT ACT OF 1993

This bill provides for an increase of the Federal excise tax on tobacco products. It raises the excise tax four-fold on cigarettes, from 24 cents to $1.00 per pack. The real level of taxation for cigarettes has eroded over the time since the excise tax was first introduced in 1951. The excise tax for all other tobacco products will also be increased four-fold. The reasons for this increase are clear. First, it allows us to use the most potent weapon we have at our disposal to discourage smoking—raising the price of tobacco. This will allow us to specifically direct our attention to a vulnerable and price sensitive group—children and teenagers. It is also smart tax policy—it taxes what we want to discourage so we can cut taxes on the things we want to encourage. Second, the Office of Technology Assessment has estimated the cost to society of cigarette smoking at over $65 billion annually. It is more than fair to ask smokers to shoulder some of these costs.•

By Mr. INOUYE:

S.J. Res. 57. A joint resolution to designate June 4 of each year as "National Midway Recognition Day"; to the Committee on the Judiciary.

NATIONAL MIDWAY RECOGNITION DAY

• Mr. INOUYE. Mr. President, over 50 years have gone by since our U.S. Naval forces, against overwhelming odds, achieved the most decisive battle in naval history at the Battle of Midway. The Battle of Midway was clearly

the turning point against the then-dominant Japanese forces in the Pacific. My bill recognizes the heroic achievements of our gallant naval forces by designating June 4 of each year as National Midway Recognition Day.●

ADDITIONAL COSPONSORS

S. 3

At the request of Mr. BOREN, the name of the Senator from Wisconsin [Mr. FEINGOLD] was added as a cosponsor of S. 3, a bill entitled the "Congressional Spending Limit and Election Reform Act of 1993."

S. 6

At the request of Mr. BURNS, his name was added as a cosponsor of S. 6, a bill to prevent and punish sexual violence and domestic violence, to assist and protect the victims of such crimes, to assist state and local effects, and for other purposes.

S. 30

At the request of Mr. MCCAIN, the name of the Senator from Nebraska [Mr. EXON] was added as a cosponsor of S. 30, a bill to amend title II of the Social Security Act to eliminate the earnings test for individuals who have attained retirement age.

S. 87

At the request of Mr. KERRY, the name of the Senator from Wisconsin [Mr. FEINGOLD] was added as a cosponsor of S. 87, a bill to amend the Federal Election Campaign Act of 1971 to provide for a voluntary system of spending limits and partial public financing of Senate primary and general election campaigns, to limit contributions by multicandidate political committees, and for other purposes.

S. 91

At the request of Mr. THURMOND, the name of the Senator from Arkansas [Mr. BUMPERS] was added as a cosponsor of S. 91, a bill to authorize the conveyance to the Columbia Hospital for Women of certain parcels of land in the District of Columbia, and for other purposes.

S. 176

At the request of Mr. COATS, his name was added as a cosponsor of S. 176, a bill to amend title XVIII of the Social Security Act with respect to essential access community hospitals, the rural transition grant program, regional referral centers, Medicare-dependent small rural hospitals, interpretation of electrocardiograms, payment for new physicians and practitioners, prohibitions on carrier forum shopping, treatment of nebulizers and aspirators, and rural hospital demonstrations.

S. 177

At the request of Mr. DOLE, the names of the Senator from Montana [Mr. BURNS], the Senator from Colorado [Mr. BROWN], and the Senator from Utah [Mr. HATCH] were added as cosponsors of S. 177, a bill to ensure that agencies establish the appropriate procedures for assessing whether or not regulation may result in the taking of private property, so as to avoid such where possible.

S. 257

At the request of Mr. BUMPERS, the name of the Senator from Ohio [Mr. METZENBAUM] was added as a cosponsor of S. 257, a bill to modify the requirements applicable to locatable minerals on public domain lands, consistent with the principles of self-initiation of mining claims, and for other purposes.

S. 382

At the request of Mr. MOYNIHAN, the name of the Senator from New Jersey [Mr. LAUTENBERG] was added as a cosponsor of S. 382, a bill to extend the emergency unemployment compensation program, and for other purposes.

S. 384

At the request of Mr. D'AMATO, the name of the Senator from Arizona [Mr. DECONCINI] was added as a cosponsor of S. 384, a bill to increase the availability of credit to small businesses by eliminating impediments to securitization and facilitating the development of a secondary market in small business loans, and for other purposes.

At the request of Mr. COCHRAN, his name was withdrawn as a cosponsor of S. 384, supra.

S. 403

At the request of Mr. BREAUX, the name of the Senator from Alabama [Mr. SHELBY] was added as a cosponsor of S. 403, a bill to amend the Internal Revenue Code of 1986 to allow a tax credit for fuels produced from offshore deep-water projects.

S. 470

At the request of Mrs. BOXER, the name of the Senator from New York [Mr. MOYNIHAN] was added as a cosponsor of S. 470, a bill to amend chapter 41 of title 18, United States Code, to punish stalking.

SENATE JOINT RESOLUTION 30

At the request of Mr. D'AMATO, the name of the Senator from Nevada [Mr. BRYAN] was added as a cosponsor of Senate Joint Resolution 30, a joint resolution to designate the weeks of April 25 through May 2, 1993, and April 10 through 17, 1994, as "Jewish Heritage Week."

SENATE JOINT RESOLUTION 39

At the request of Mr. D'AMATO, the names of the Senator from Maryland [Mr. SARBANES], the Senator from Massachusetts [Mr. KERRY], the Senator from Illinois [Ms. MOSELEY-BRAUN], and the Senator from Kansas [Mrs. KASSEBAUM] were added as cosponsors of Senate Joint Resolution 39, a joint resolution designating the weeks beginning May 23, 1993, and May 15, 1994, as Emergency Medical Services Week.

SENATE JOINT RESOLUTION 52

At the request of Mr. PACKWOOD, the name of the Senator from Maine [Mr. MITCHELL] was added as a cosponsor of Senate Joint Resolution 52, a joint resolution to designate the month of November 1993 and 1994 as "National Hospice Month."

SENATE RESOLUTION 70

At the request of Mr. BRADLEY, the name of the Senator from Iowa [Mr. HARKIN] was added as a cosponsor of Senate Resolution 70, a resolution expressing the sense of the Senate regarding the need for the President to seek the advice and consent of the Senate to the ratification of the United Nations Convention on the Rights of the Child.

SENATE RESOLUTION 76—URGING THE MEMBER NATIONS OF THE UNITED NATIONS COMMISSION ON HUMAN RIGHTS TO SUPPORT A RESOLUTION ON HUMAN RIGHTS IN CUBA

Mr. BURNS (for Mr. MACK for himself, Mrs. FEINSTEIN, Mr. HELMS, Mr. GRAHAM, Mr. MCCAIN, Mr. DOLE, Mr. LIEBERMAN and Mr. BURNS) submitted the following resolution; which was considered and agreed to:

S. RES. 76

Whereas the United States has an obligation to promote and protect human rights and fundamental freedoms stated in the Charter of the United Nations and elaborated in the Universal Declaration of Human Rights;

Whereas the United States committed in the Cuban Democrary Act of 1992, to "continue vigorously to oppose human rights violations in the Castro regime";

Whereas Resolution 61 (1992) of the United Nations Commission on Human Rights provided for the appointment of a Special Rapporteur "to review and report on the situation of human rights in Cuba and to maintain direct contact with the government and citizens of Cuba";

Whereas the Cuban government refused to permit the Special Rapporteur to visit Cuba and formally expressed its decision not to "implement so much as a single comma" of Resolution 61;

Whereas, despite the obstructionist actions of the Cuban government, the Special Rapporteur submitted a report describing the systematic abuse of human rights and concluding that the Cuban government "tends to resort to the use of repressive means to silence any expression of discontent or independent opinion, no matter how small";

Whereas the Cuban government increased repression against leaders of several human rights groups in Cuba on United Nations Human Rights Day, December 10, 1992;

Whereas on December 18, 1992, the United Nations General Assembly passed Resolution 47/139 which "regrets profoundly the numerous uncontested reports of violations of basic human rights and fundamental freedoms" and expressed "deep concern at arbitrary arrests, beatings, imprisonment harassment, and governmentally organized mob attacks on human rights defenders and others who are engaged in the peaceful exercise of their rights"; and

Whereas the United States is cosponsoring a resolution on Cuba in the 1993 session of the United Nations Commission on Human Rights which commends and endorses the report of the Special Rapporteur, extends his mandate for one year, and calls upon the Cuban government to carry out the recommendations of the Special Rapporteur to "bring the observance of human rights and fundamental freedoms in Cuba up to universally recognized standards . . . and to end all violations of human rights, including in particular the detention and imprisonment of human rights defenders and others who are engaged in the peaceful exercise of their rights": Now, therefore, be it

Resolved, That it is the sense of the Senate that the member nations of the United Nations Commission on Human Rights should cosponsor and vote for the resolution reappointing the Special Rapporteur on Cuba and calling on the Cuban government to abide by internationally recognized standards on human rights.

SEC. 2. The Secretary of the Senate shall transmit a copy of this resolution to the President with the request that he further transmit such copy to the member nations of the United Nations Commission on Human Rights.

SENATE RESOLUTION 77—TO AUTHORIZE TESTIMONY AND TO AUTHORIZE REPRESENTATION BY THE SENATE LEGAL COUNSEL

Ms. MOSELEY-BRAUN (for Mr. MITCHELL for himself and Mr. DOLE) submitted the following resolution; which was considered and agreed to:

S. RES. 77

Whereas, the defendants in Kofoed v. Swanson-Nunn Electric Company, et al., No. 9209-06644, pending in the Circuit Court of the State of Oregon for Multnomah County, seek the deposition testimony of Suzanne Beede, a Senate employee on the staff of Senator Hatfield;

Whereas, by the privileges of the Senate of the United States and Rule XI of the Standing Rules of the Senate, no evidence under the control or in the possession of the Senate, no evidence under the control or in the possession of the Senate can, by administrative or judicial process, be taken from such control or possession but by permission of the Senate;

Whereas, when it appears that evidence under the control or in the possession of the Senate is needed for the promotion of justice, the Senate will take such action as will promote the ends of justice consistent with the privileges of the Senate;

Whereas, pursuant to sections 703(a) and 704(a)(2) of the Ethics in Government Act of 1978, 2 U.S.C. §§ 288b(a) and 288c(a)(2), the Senate may direct its counsel to represent employees of the Senate with respect to requests for testimony made to them in their official capacities: Now, therefore, be it

Resolved, That Suzanne Beede is authorized to testify in Kofoed v. Swanson-Nunn Electric Company, et al., No. 9209-06644 (Or. Cir. Ct.), except concerning matters for which a privilege should be asserted.

SEC. 2. The Senate Legal Counsel is authorized to represent Suzanne Beede in connection with the testimony authorized by section 1 of this resolution.

NOTICES OF HEARINGS

PERMANENT SUBCOMMITTEE ON INVESTIGATIONS

Mr. NUNN. Mr. President, I would like to announce for the information of the Senate and the public that the Permanent Subcommittee on Investigations of the Committee on Governmental Affairs, will hold a hearing on "Corruption In Professional Boxing (part II)".

This hearing will take place on Wednesday, March 10, 1993, at 9:30 a.m., and Wednesday, March 17, 1993, at 10 a.m., in room 342 of the Dirksen Senate Office Building. For further information, please contact Daniel F. Rinzel of the subcommittee's minority staff at 224-9157.

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. BUMPERS. Mr. President, I would like to announce that an oversight hearing has been scheduled before the Subcommittee on Public Lands, National Parks and Forests of the Committee on Energy and Natural Resources.

The hearing will take place on Tuesday, March 23, 1993, beginning at 2:30 p.m. in room SD-366 of the Dirksen Senate Office Building in Washington, DC.

The purpose of the hearing is to receive testimony on radio and television broadcast use fees on public lands. In particular, the hearing will focus on the recently released report of the Radio and Television Broadcast Use Fee Advisory Committee. The committee was established by the Secretaries of Agriculture and the Interior pursuant to the conference report for the fiscal year 1993 Interior and Related Agencies Appropriations Act, and charged with advising the Secretaries on setting fair market rental fees for broadcast uses on Federal lands.

Because of the limited time available for the hearing, witnesses may testify by invitation only. However, anyone wishing to submit a written statement is welcome to do so by sending two copies to the Subcommittee on Public Lands, National Parks and Forests, Committee on Energy and Natural Resources, 304 Dirksen Senate Office Building, Washington, DC 20510.

For further information regarding the hearing, please contact Erica Rosenberg of the subcommittee staff at (202) 224-7933.

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. JOHNSTON. Mr. President, I would like to announce for my colleagues and the public that 3 days of hearings have been scheduled before the Committee on Energy and Natural Resources.

The purpose of these hearings is to receive testimony on S. 473, the Department of Energy National Competitiveness Technology Partnership Act of 1993.

The hearings will take place on March 18, 23, and 24, 1993 at 9:30 a.m. each day in room SD-366 of the Dirksen Senate Office Building, First and C Streets NE., Washington, DC.

Because of the limited time available for the hearing, witnesses may testify by invitation only. However, those wishing to submit written testimony for the printed hearing record should send their comments to the Committee on Energy and Natural Resources, U.S. Senate, Washington, DC 20510, Attention: Paul Barnett.

For further information, please contact Paul Barnett of the committee staff at 202/224-7569.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON SMALL BUSINESS

Mr. WELLSTONE. Mr. President, I ask unanimous consent that the Small Business Committee be authorized to meet during the session of the Senate on Thursday, March 4, 1993, at 9:30 a.m. The Committee will hold a full committee hearing to examine the issue of credit availability for small businesses.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON SECURITIES

Mr. WELLSTONE. Mr. President, I ask unanimous consent that the Subcommittee on Securities of the Committee on Banking, Housing, and Urban Affairs be authorized to meet during the session of the Senate, Thursday, March 4, 1993, at 10 a.m. to conduct a hearing on legislative proposals to facilitate small business access to capital.

The PRESIDING OFFICER. Without objection is so ordered.

SUBCOMMITTEE ON CONSUMER

Mr. WELLSTONE. Mr. President, I ask unanimous consent that the Consumer Subcommittee on the Committee on Commerce, Science, and Transportation, be authorized to meet during the session of the Senate on March 4, 1993, at 9:30 a.m. on auto repair fraud.

The PRESIDING OFFICER. Without objection, it is so ordered.

SELECT COMMITTEE ON INTELLIGENCE

Mr. WELLSTONE. Mr. President, I ask unanimous consent that the Select Committee on Intelligence be authorized to meet during the session of the Senate on Thursday, March 4, 1993 at 2:30 p.m. to hold a closed hearing on intelligence matters.

The PRESIDING OFFICER. Without objection it is so ordered.

ADDITIONAL STATEMENTS

THE CASE AGAINST DISCRIMINATION

• Mr. DORGAN. Mr. President, I recently received a letter from Wayne

McKirdy, a constituent of mine from Valley City, ND. The first three paragraphs of his letter I think express some important thoughts about a debate we have been having this past month and I wanted to share his thoughts with my colleagues.

The letter from Wayne stated more simply and eloquently and more persuasively the case against discrimination than all of the professional writings by the top speech writers that I have seen. Here is what Wayne had to say:

DEAR SENATOR DORGAN: I am not a Black, but I know some terrific Americans who are. I'm glad we've come as far as we have in giving them the rights of American citizenship. When I was in the Army I really enjoyed watching the 522nd, a segregated Bn, in their marching, etc. I'm not sure they "gained" a year later, when the Army decided Blacks and Whites could soldier together, but I know we whites who were in the Army did.

I'm not a woman. But I know some terrific Americans who are. I'm glad we've come as far as we have in giving them the rights of American citizenship. The military has found out they're OK, contrary to what many thought some years ago, would happen.

I'm not Homosexual. Nor can I say I appreciate that lifestyle. But I know some terrific Americans who are. And I suspect I've probably worked with many more than I know. And the military has worked unknowingly with many good Americans who are, without knowing it. The only difference in these three discriminations, is that you can know at a glance who is a Black or a Woman. And you may never know who is Homosexual because most of them do not flaunt it or misuse it in public.●

MANAGED COMPETITION IN ACTION

● Mr. DURENBERGER. Mr. President, we will not succeed in containing health care costs until all the players in the system—employers and consumers as well as providers and the Government—take their responsibilities seriously.

A group of Minnesota employers is leading the way. The Business Health Care Action Group is a coalition of 14 major businesses who have banded together to increase their market power.

Together, they purchase about 6 percent of the health care in their local insurance market. That is a sizable chunk of business—and it enables these employers to drive a good bargain on cost and quality.

Mr. President, this is managed competition at work. I urge my colleagues to read the important article from the Wall Street Journal on the efforts of these employers. I ask that it be included in the RECORD at the conclusion of my remarks.

The article follows:

[From the Wall Street Journal, Feb. 26, 1993]

STRONG MEDICINE: EMPLOYERS' ATTACK ON HEALTH COSTS SPURS CHANGE IN MINNESOTA

(By Ron Winslow)

MINNEAPOLIS.—Managed competition is radically transforming health care in Minnesota. And the tumultuous changes in this state may foreshadow what lies ahead for the nation if the Clinton administration fulfills its hopes of overhauling medical services nationwide.

In the face of aggressive new demands from a coalition of major employers, the health-care community here, in a blitz of mergers and alliances, is hustling to recast its jumble of independent doctors and hospitals into streamlined networks that compete much as Ford battles Toyota: on price, service and quality.

Two large health-maintenance organizations merged early last year and then joined forces with the renowned Mayo Clinic to sell high-quality, low cost care to area employers and their workers. Soon afterward, two big hospitals in Minneapolis and St. Paul countered with a merger of their own, and two children's hospitals began exploring an alliance.

Meantime, hospitals are gobbling up primary-care clinics and building new partnerships with doctors. Small family and specialty practices are scrambling to produce data showing they are cost-effective. And big health plans, such as Minnesota's Blue Cross and Blue Shield, are sifting burgeoning computer databases to track the performance of practitioners from pediatricians to neurosurgeons.

In short, practically every hospital and thousands of doctors in the Twin Cities are participating in ventures to vie for patients on the basis of not only cost but quality. "Providers are realizing that in order to compete, they must be accountable," says Allan Chernov, vice president for medical affairs at Medica, one of the big HMOs here. "That means joining initiatives that measure how they perform and stack up."

The drive to overhaul health care at both the national and local levels is provoked by costs that are busting federal and state budgets, hobbling companies and still leaving 35 million Americans uninsured. But introducing competition that might truly hold down costs has been exasperatingly difficult in the health-care field. What has broken the logjam and spurred competition here in the Twin Cities is the Business Health Care Action Group, a determined coalition of 14 major employers, including Dayton Hudson Corp., Honeywell Inc. and Ceridian Corp. Combined, they annually purchase some $200 million of health care—about 6% of the local market.

The coalition's strategy differs in details and lacks the regulatory apparatus anticipated under federal proposals, but its goal is the same: to use purchasing power not to win discounts but to change the way medicine is practiced. Under managed competition, large purchasing groups similar to business coalitions would buy care from competing health plans that, in theory at least, would thrive only by delivering a high-quality, low-cost product.

To get such a product, the Twin Cities firms put their employee health care up for bid and selected a single organization that, among other things, is committed to documenting and improving its doctors' performance while encouraging preventive medicine.

BASIC CHANGES NEEDED

"We can negotiate all the contracts and discounts we want," says Fred Hamacher, vice president for compensation and benefits at Dayton Hudson, "but we aren't going to make any headway containing costs until we change the system in which care is delivered."

But change is painful. Some doctors complain wryly that Minnesota is on the "bleeding edge" of medical reform.

Curtis Keller works in a 35-doctor family practice that has contracts with three health plans in Minneapolis, and although he supports quality initiatives, he is also troubled by challenges to longstanding conventions. "My training 25 years ago was to be comprehensive and thorough and not miss anything," Dr. Keller says. "Now people are saying, 'Do what's cost-effective.' The new approach is going to miss some things."

In any event, many highly trained specialists are likely to miss some income: A major aim of the coalition is to cut back on the care delivered by expensive cardiologists, orthopedists and other specialists and rely heavily on primary-care doctors.

Employees face change, too, even though more than two-thirds of Twin Cities workers are already enrolled in prepaid HMOs and are accustomed to cost-saving strategies such as limits on the choice of doctors. Many will have to change their doctors.

They also will be expected to attend seminars on how to be better patients. Doctors complain that some patients undermine cost-effective medical practice by demanding, for instance, costly and unnecessary imaging tests for routine complaints, while assuming insurance picks up most of the tab. "It's a two-way street," Mr. Hamacher says. "We have to make sure our people have reasonable expectations from the health-care system."

To persuade employees to sign up for the new health plan, companies are using videos attesting to the quality of care in the new organization as well as the promise of much-lower out-of-pocket costs. Coalition officials say 35,000 employees and dependents have already joined the plan, which was launched in some of the companies in the past two months. The total signed up by next Jan. 1 is expected to reach 90,000, some 70% of the 125,000 who are eligible.

The Twin Cities revolution emerged two years ago in the wake of a legislative battle. State lawmakers had proposed a new payroll tax to finance health coverage for Minnesota's 400,000 uninsured residents. Many business leaders were incensed. "It was a plan to finance access to a broken system," says John M. Burns, Honeywell's vice president for health management. Unless the uninsured got care in a system that minimized unnecessary procedures, their health bills would drain the state treasury, the executives complained. Dr. Burns helped lead a business-backed effort to draft an alternative bill, but legislators derided it as "poor medicine for poor people," something employers wouldn't foist on their workers.

COMPARING NOTES

During coffee breaks in legislative strategy sessions, a handful of corporate-benefits officials swapped tales of frustration over their soaring health costs. Although costs here were nearly 20% below the national average, they were rising at 12% to 15% a year—four times the inflation rate. And these companies had used "every cost-containment trick in the book," says Mr. Hamacher, including negotiated discounts on bills and strict reviews of physicians' decisions. They concluded that more tinkering with the system would be futile and that the approach they were urging on legislators was exactly what they wanted for their employees.

Benefits officials formed the coalition in the fall of 1991 and immediately charted their new course. Instead of seeking discounts, they would demand that providers demonstrate a commitment to quality; cost savings, they assumed, would follow. They

resolved not to impose rules on doctors but to purchase care only from an organization that developed and followed its own practice standards and worked to improve overall performance.

"There are a lot of insurers out there putting guidelines in three-ring binders and mailing them out to providers with a contract," says Steve Wetzell, executive director of the Business Health Care Action Group. "We don't think that's going to change the practice of medicine. Doctors aren't going to follow a three-ring binder that someone else produced."

And in an unusual step, the 14 employers agreed to adopt one standard benefits plan to reduce paperwork headaches for doctors. "When purchasers and providers work together to define the product and develop quality standards, that's when you can really start reforming the system," Mr. Wetzell says.

FINDING A SUPPLIER

Early last year, the coalition invited more than 150 doctors and hospital and health-plan administrators to meetings to explain the new ideas. In response, about 20 health-care organizations bid for the contract, but only two came close to meeting the coalition's requirements.

One was Minnesota Blue Cross and Blue Shield, which argued that it is successfully using six years of accumulated data on physician and hospital performance to encourage cost-effective care. But coalition members viewed the big insurer as a third party setting the rules, and they rejected the bid.

Instead, it chose GroupCare Inc., a consortium formed from the marriage of two local HMOs—Group Health Inc. and MedCenters Inc.—which then teamed up with the Mayo Clinic in nearby Rochester, Minn. Park Nicollet Medical Center, a 300-doctor group in Minneapolis, is the main physician group in the consortium.

The employer coalition liked GroupCare because most of its doctors are salaried and thus not paid according to the number of procedures they do. In addition, Group Health, Park Nicollet and Mayo had already developed practice guidelines for more than 50 medical conditions. On this score, Mr. Wetzell says, "there wasn't anybody else who could touch them."

Park Nicollet's new approach to detecting breast cancer is a case in point. A woman typically waits up to two anxious weeks after a suspicious mammogram to learn whether she has a malignancy. But at Park Nicollet, a team of surgeons, radiologists and primary-care doctors devised a way to reduce the time to as little as a few hours—with the help of a new computer-guided machine that enables a radiologist instead of a surgeon to perform the biopsy. That eliminates the time it takes to schedule a surgery appointment, as well as the surgeon's fee.

After conducting a 100-patient study that showed the machine was as reliable as a traditional surgical biopsy, the team incorporated the device as part of the clinic's standard of care. Park Nicollet says the new approach trims costs by about one-third and improves quality as well. "Women have a lot fewer sleepless nights," says James L. Reinertsen, former president of Park Nicollet.

With the doctors on salary, eliminating the surgical biopsy doesn't upset the surgeons. In most other settings, surgeons are paid a fee for each service and would probably resist a new approach that reduced their income, Dr. Reinertsen says.

To develop similar guidelines for dozens of medical conditions, the GroupCare consortium created a $7 million research institute. Committees representing doctors and employers will soon consider, for instance, another Park Nicollet policy that eliminates nearly all costly X-rays and physical therapy for back-pain patients in the first six weeks of treatment. In reviewing the medical literature, doctors found that 90% of back-pain cases resolve themselves within six weeks, with exercise, heat and ice treatments and aspirin.

Also on the institute's agenda is a new way of identifying blocked coronary arteries. The group's Mayo Clinic partner is conducting studies to determine whether a $500 high-speed X-ray scanner detects blockages as well as a $5,000 procedure called the coronary angiogram.

The institute is developing new quality measures that track not only doctors' death rates for heart-bypass surgery but also whether GroupCare meets preventive-medicine targets such as childhood immunizations and mammography screenings. Dr. Reinertsen, chairman of the new institute, says the best measure of a health organization's quality is not, for instance, the number of its bypass patients who survive but its success at preventing the need for surgery at all.

"The coalition is creating new standards and a new reward system," says George Halvorson, GroupCare's chief executive. "It's changing the way health care is delivered in this community."

The inability of most health-care providers working outside an organized structure to meet those standards is the major force behind the flurry of mergers and quality programs. "Our challenge is to give up some individual autonomy to provide the kind of disciplined product that GroupCare provides," says Gordon Sprenger, chief executive of HealthSpan, a new organization born of the merger of two big Twin Cities hospitals.

At Abbott Northwestern Hospital, HealthSpan's flagship institution, doctors and administrators are setting up a physician-hospital organization that will offer health services for a bundled fee, instead of the customary itemized hospital bills and separate doctor fees—and will eat any cost exceeding that price. To select participants, a committee evaluated the economic performance of about 165 doctors who admit patients to the hospital, and it excluded a dozen who regularly ran up costs significantly above hospital and national averages. "They aren't bad doctors, just expensive doctors," says Richard Sturgeon, who heads the new group.

Quality officials at Medica, the HMO, also are hard at work. They determined that it could save more than $500,000 a year by performing all tonsillectomies in outpatient clinics rather than hospitals without affecting patient outcomes. Doctors agreed that outpatient tonsillectomies would become standard practice.

Even Robert Burmaster, who works in a five-doctor family practice, is being affected by the changes. He now heads a recently formed 500-doctor association that is trying, among other goals, to get all its doctors to use standard computer software to help gather data on patient satisfaction, costs of procedures and other performance measures. "My own private practice alone can't provide this information in terms that payers want," Dr. Burmaster says.

Whether the changes in the Twin Cities will improve quality and contain costs isn't known. The coalition's three-year contract with GroupCare, for instance, aims for now to reduce cost growth to the overall inflation rate—a goal that even some supporters say is too modest to truly change medical practice. Some critics worry that the mergers will inhibit rather than enhance competition.

But two other employer coalitions here are launching similar purchasing efforts, and a broad state law passed last year aims to provide coverage for the uninsured by requiring that they get care from organized networks of doctors and hospitals.

Proponents of managed competition believe that as similar demands are made in communities around the U.S., the realignment of medical practice under way in Minnesota will spread. "If managed competition is the model the federal government adopts," says Richard Tompkins, chief of regional planning at the Mayo Clinic, "pressure for developing total-care systems to compete with each other is going to build and build."●

GOLDEN JUBILEE OF THE WESTCHESTER JEWISH COMMUNITY SERVICES

● Mr. MOYNIHAN. Mr. President, the golden jubilee of the Westchester Jewish Community Services will be celebrated at a gala dinner dance on Saturday evening, April 3, 1993. For 50 productive years this nonsectarian social service agency has been providing invaluable assistance to thousands of residents of New York State's Westchester County. The service's 24 centers in 14 communities provide high-quality mental health, developmental disability, health care, and counseling services with fees on a sliding scale. No one is ever refused service because of an inability to pay.

This remarkable agency is funded by a broad base of individuals, corporations, and State and local governmental agencies, as well as by the UJA-Federation and United Way. This support helps provide an ever changing array of social services including enriched housing programs for the frail elderly; group homes for developmentally disabled adults; home health services; training for home care workers; caregiver support groups; nine family mental health clinics; Geriatric Outreach Services; AIDS mental health counseling; bereaved children's and parent's support groups; child sexual abuse treatment programs; cognition therapy for children with learning disabilities; immigrant resettlement programs; counseling services; suicide bereavement groups, and numerous other innovative and valued programs.

I am sure the Members of the Senate join me in saluting this outstanding agency and congratulating the lay leadership and professional staff of the Westchester Jewish Community Services on this most significant milestone.●

COMMUNIST CHINA AND THE GATT

● Mr. HELMS. Mr. President, according to yesterday's Wall Street Journal,

Assistant U.S. Trade Representative Douglas Newkirk is returning empty-handed from his talks with the Communist Chinese regarding their desire to join the General Agreement on Tariffs and Trade, known as the GATT. Mr. Newkirk should be commended for this and I have today done so in a letter to him.

For more than a decade I have received a steady stream of complaints from American firms about improper business practices by the Communist Chinese—slave labor, theft of intellectual property, mislabeling of textiles, discrimination in government contracting, and so forth. These complaints are undiminished even after the Communist Chinese sign specific agreements pleading to stop such practices. We are now at the point that our Government has identified a Communist Chinese Government official in the textile cases.

Mr. President, the easiest thing for Mr. Newkirk to have done would have been to sign an agreement on GATT accedence by the Communist Chinese. Had he done so, Mr. Newkirk would have been hailed as an accomplished negotiator in some quarters. He declined to cave into the Chinese because he preferred to remain faithful to his primary role at USTR, one in which he is to safeguard the integrity of the GATT. He knows that Communist China, unlike the Republic of China on Taiwan, is a long way away from having a GATT-compatible trading system. The only way Communist China could fit into the GATT system is by means of a political decision to ignore economic realities.

So, Mr. Newkirk did the honorable thing. He said, "No," he said it loudly, and he walked away from the table. That decision is entirely to his credit and I applaud him.

Mr. President, I ask that two articles from today's Wall Street Journal and the Financial Times of London be printed in the RECORD at the conclusion of my remarks.

The articles follow:

[From the Wall Street Journal, Mar. 3, 1993]

CHINA'S ENTRY INTO GATT IS STALLED BY THORNY "SOCIALIST MARKET ECONOMY"

(By James McGregor)

BEIJING.—U.S. officials said talks aimed at bringing China into the General Agreement on Tariffs and Trade are stalled because Beijing refuses to address a basic question: Just what is a "socialist market economy"?

Chief U.S. negotiator W. Douglas Newkirk said that for this reason his two days of talks with Chinese officials went so badly that the process could take years—despite China's pronouncements about joint GATT within months.

"I am going to be retired in seven years, and I am not sure I am going to be able to wrap it up at the current pace," said Mr. Newkirk, an assistant U.S. trade representative.

The talks were the first formal discussions about China's GATT bid since negotiators left that country in June 1989, two days before soldiers slaughtered demonstrators in Beijing. The process was sidelined until February 1992, when Chinese officials and a working group in Geneva exchanged written questions and answers.

This working group, led by the U.S., is assigned to help China draft a "protocol of accession" that would allow it to become a GATT signatory. The GATT agreements, signed by 105 countries and territories, promote free trade by reducing tariffs and ending nontariff barriers.

Mr. Newkirk said that during the Beijing negotiations, which ended yesterday, China actually retreated from pledges it made in 1989. He said the framework for China's protocol included five main points: a unified national trade policy, transparent trading rules, elimination of nontariff barriers, commitment to a market economy, and a system to safeguard GATT signatories from a surge of Chinese exports to their countries.

A LABEL WITHOUT A DEFINITION

Mr. Newkirk and chief Chinese negotiator Tong Zhiguang, a vice minister of the Ministry of Foreign Economic Relations and Trade, now refuses to accept the last two categories. He said China insists that because it has reduced tariffs, reformed many state-set prices and expanded its private sector since 1989, its economy is already close enough to GATT standards to do without such clauses.

Before the talks began, Mr. Tong was quoted in official newspapers as saying: "China is capable of shouldering the obligations set by GATT as China has moved significantly to embrace a market-oriented economy in the past years.

Last year, China changed the label it applies to its hybrid economy system to a "socialist market economy" from a "socialist commodity economy." But its Communist leaders have yet to define what that means, probably because it raises ideological questions about whether China's orientation will be capitalist or socialist. The GATT protocol would force Beijing to promise specific actions aimed at making itself a market economy.

"We are trying to write a protocol that works around the problem of not having a market price system," said Mr. Newkirk. "That is fundamentally the problem." Under a market price system, the open market sets prices, not the state.

It isn't clear if China's stance reflects a change of policy, a negotiating ploy or political indecision. Since signing a wide-ranging trade agreement with the U.S. in October, the country has made impassioned arguments about why it is important to quickly join GATT.

In two weeks, China's rubber-stamp National People's Congress begins a two-week session at which "socialist market economy" is supposed to be written into the constitution. Analysts say China's GATT negotiators may not have the political backing for any major commitments until that session ends.

The prospect of joining GATT is already disrupting China's economy. Government foreign-exchange markets now offer at least a 50% premium on exchanges of U.S. currency over the official rate of 5.8 yuan to the dollar. Although China denies them, rumors abound that a devaluation is imminent, allegedly because GATT will force China to make the yuan convertible.

TIGHTLY HOLDING ONTO DOLLARS

As a result, foreign businesses who are owed dollars by Chinese companies are coming up empty-handed. "Everybody wants to hold onto dollars, and many customers are refusing to pay us unless we will accept renminbi," says the manager of a foreign equipment-leasing company.

At the same time, some Chinese companies and consumers are putting off big purchases in the hope that GATT will reduce import tariffs and quickly slash prices for both local and imported goods. Beijing Jeep Co., a Chrysler Corp. joint venture, has always had a waiting list for the Cherokee vehicles it assembles in China from imported and local parts, until now. Last month, we sold less than five days of our factory's output," a company official said.

GATT signatories want China to agree to a "safeguard system" that will allow them to enact emergency quotas and tariffs should they face a sudden onslaught of Chinese goods. They want this provision, which would be unique in GATT, because they fear that China's lingering socialism and economic clout will combine to subsidize exports unfairly.

[From the Financial Times of London, Mar. 3, 1993]

UNITED STATES "IN NO HURRY" OVER CHINA TALKS

(By Tony Walker in Beijing)

China and the US made some progress this week in talks on terms for China's entry to the General Agreement on Tariffs and Trade, but accord remains a "long way off," according to the chief US negotiator.

Mr. Douglas Newkirk, assistant US trade representative for Gatt, said after two days of talks that China had stepped back from previous understandings on entry terms for the world's fair trade regime.

Among these sticking points is China's apparent unwillingness to accept a safeguards system to prevent such developments as sudden surges in exports that might swamp the domestic markets of Gatt signatories. China is also lukewarm about committing itself to a full market economy as an eventual goal.

Mr. Newkirk said that before formal negotiations were suspended in 1989—talks were frozen in protest at the army crackdown on pro-democracy activists—China had agreed to both the safeguards and market economy provisions. Discussions this week also focused on US demands that China commit itself to a single national trade regime, full transparency in the publication of its trading regulations and the gradual elimination of non-tariff barriers.

Western officials say that China has made significant progress in liberalising trade policies, but much more needs to be done to improve market access for foreign business. They see the Gatt negotiations as a useful device to push the Chinese to go further.

Mr. Newkirk said the US was "not in any hurry" to conclude an agreement. "We're prepared to go as fast or as slow as they're prepared to go," he declared. The US made it clear that that unconditional Most Favoured Nation status for China was non-negotiable. The US government is obliged by Congress to review China's human rights record each year before granting MFN.

The US official's predictions of slow progress towards Gatt accession for China are likely to disappoint and frustrate Chinese officials who had been predicting an early agreement.•

TRIBUTE TO JOANNE VANZANDT

• Mr. D'AMATO. Mr. President, I rise today to honor Joanne VanZandt.

VanZandt, a former legislator from Monroe County, NY, has been named Citizen of the Year in Pittsford, NY. VanZandt has worked tirelessly to help the citizens of Monroe County for 20 years and is most deserving of this award.

She has always fought for the community. Her efforts to install bike trails along the Erie Canal in Pittsford led to improved recreational facilities for all citizens. As a result, Mrs. VanZandt was the first woman named to the town's newly formed Parks and Recreation Advisory Committee in 1973. Her career has spanned over 20 years, and in 1985 she was the first woman to be elected to a leadership post in the legislature.

Mrs. VanZandt has also given much of her time as a volunteer for the Landmark Society of Western New York. She fought to restore the county legislative chambers. She also persuaded the county to purchase the Lehigh Valley Railroad right-of-way for recreational use and possible public transportation routes.

Joanne VanZandt is married to Dr. Theodore VanZandt; they have four children and two grandchildren. She has given much of her life to improve that of others. Joanne VanZandt has been an inspiration for many, including myself. I salute her.•

PAPERWORK REDUCTION

• Mr. GLENN. Mr. President, I rise today to speak on the subject of paperwork reduction. The Federal Government is not doing enough to reduce the regulatory and paperwork burdens it piles on the American people. Individuals, businesses, educational institutions, nonprofit organizations, State and local governments, and more—all are paying a price in time and money responding to reams of Government redtape.

The Paperwork Reduction Act of 1980 was an attempt to ease this burden on Americans, but the law has not been terribly successful. The Paperwork Reduction Act now needs to be reauthorized, but also, it needs to be strengthened—both to improve its basic paperwork clearance process, and to more generally improve the Government's management of its information. We all know that you cannot cut paperwork if Government agencies do not know what they are collecting, why they are collecting it, and what they are going to do with the information once it is collected.

To reinvigorate this important law, I will soon introduce legislation to reauthorize the Act. In the coming weeks, I look forward to working with the new administration and with my good friends Senator NUNN and Senator BUMPERS, who themselves have just introduced legislation also to reauthorize the act. I am hopeful that we can soon have the act reauthorized and its office, OMB's Office of Information and Regulatory Affairs, operating on a more stable and effective basis.

The matter I bring to my colleagues' attention today concerns a paperwork reduction issue that must be resolved before we can satisfactorily reauthorize the Paperwork Reduction Act. This matter focuses on the extent to which the act covers information disclosure as well as information collection requirements. As some of my colleagues know, this seemingly narrow and very technical issue is critical to the scope of the act and public confidence in its efficient, fair, and effective implementation.

The issue became important in the aftermath of a 1990 Supreme Court ruling, Dole versus United Steelworkers. I asked the General Accounting Office, in the wake of that decision, to evaluate agency paperwork reduction efforts. Today, I am releasing that report, which I believe reinforces the need to address the information disclosure and collection issues and to reauthorize the act.

Dole examined OMB's use of the paperwork clearance process established by the Paperwork Reduction Act to review the OSHA Hazard Communication Standard, which requires employers to inform employees of dangerous chemicals in the workplace. In this case, OMB actually used paperwork clearance to reject portions of the regulation it had already cleared through regulatory review. The Supreme Court ruled that the standard's disclosure requirements do not involve the collection of information for use by the agency and as such are not an information collection request to be reviewed by OMB under the act.

While I understand the distinction made by the Court in saying that the Paperwork Reduction Act deals with paperwork collected for the Federal Government's own use—which is certainly consistent with the act's purpose of improving Federal agency Information Resources Management [IRM]—I also believe that as far as the American public is concerned, paperwork is still paperwork regardless of whose file cabinet the forms end up in.

For this reason, I believe it is very important to look closely at the impact of Dole. We must determine how that decision is actually affecting the effort to reduce Government paperwork burdens on the American public. This is the reason I requested the GAO study and it is the reason the Committee on Governmental Affairs will look at the matter closely in its current effort to reauthorize the Paperwork Reduction Act.

As my colleagues know, attention to this matter was deflected in the last Congress by the controversy surrounding OMB's role in regulatory review, which is so closely related to paperwork clearance. While I have always supported OMB's role, the ideological transformation of regulatory review by the last two administrations—culminating in the activities of the Council on Competitiveness—proved that power wielded secretly and selectively, and for benefit of the few over the many, does not support the public interest or the nature of our democratic spirit.

With the advent of a new administration, I am hopeful that a new, more open approach, can be found for handling regulatory review. This should help clear the air for returning to the task of reauthorizing the Paperwork Reduction Act.

GAO's findings, therefore, come at an opportune time. The report reemphasizes the precise nature of the issue we must resolve if we are to move forward with reauthorization. In the absence of OMB guidance on compliance with Dole, agencies have responded in an uncoordinated fashion. For the Department of Health and Human Services and the Environmental Protection Agency this has meant virtually no change—HHS and EPA continue to send virtually all the paperwork proposals they sent to OMB before Dole. The Department of Labor and the Federal Trade Commission, on the other hand, are sending many fewer proposals to OMB for clearance. There seem to be two reasons for the Labor and FTC practices. While the FTC's pure disclosure requirements are, perhaps more than with any other agency, squarely within the ruling of Dole, Labor appears to be using an expansive reading of the decision to support not sending proposals to OMB.

While GAO's findings suggest that Dole's impact is nearly half of what OMB staff initially projected, a decline of 89 million burden hours, instead of 175 million, and while we can wish that OMB had issued guidance that might have brought uniformity to agency practices, the inconsistency among the agencies that GAO points out is troubling and unnecessary.

It is my intention for the Committee on Governmental Affairs, which I chair, to examine this issue as we work to reauthorize the paperwork reduction, and if need be, through further legislation to provide uniform treatment of information disclosure and collection requirements. I encourage the support of my colleagues in this important effort as we seek to reduce the intrusion of Government into the lives and businesses of our citizens.•

HUMANITARIAN AIRDROPS IN BOSNIA

• Mr. DURENBERGER. Mr. President, I rise to express some thoughts and concerns about the administration's new policy of airdropping humanitarian relief supplies over eastern

Bosnia. Let me state at the outset that I believe we should provide, in a manner that does not unnecessarily endanger our aircrews and planes, whatever relief supplies we reasonably can. The human tragedy in Bosnia cries out for action, but as I have stated many times in the past, we must not permit emotions to cloud our good judgment.

It is my understanding from a variety of military sources that the airdrop missions, as currently being undertaken, do not entail high risks for our people. That's encouraging, but we should also take heed to the warning from our distinguished colleagues Senators NUNN and WARNER, that no military mission is without real risks.

While minimizing risks to our service personnel, conducting the airdrops from such high altitudes also minimizes their effectiveness. As we've all learned from the first several days of the operation, very few supplies appear to be reaching their intended targets. That's unfortunate, but not at all surprising.

The almost unavoidable reality of inaccurate airdrops from high altitude raises several concerns, not the least of which is whether the airdrops will have any meaningful impact on relieving the humanitarian needs of the eastern Bosnian people. That is, after all, the ostensible reason for undertaking the effort in the first place.

If the drops are not going to meet the intended need, why are we risking aircrews and planes? If there is another purpose—political symbolism, perhaps—is it appropriate that we risk our personnel just to make a political point, and one of questionable value at that? And should the American people not be fully informed of our objectives if they are different than otherwise stated?

Even if the airdrops succeed in delivering a sizable quantity of supplies, they will never make more than a modest dent in the overwhelming needs in that region. Yes, it is important to provide whatever assistance we can at an acceptable risk level, but we must not believe that these airdrops will achieve much more than getting us through the next week. At best, they are a temporary Band-Aid. They are not intended to and don't address the more fundamental problems in the conflict.

Mr. President, my greatest concern regarding the administration's policy is that it doesn't appear that there has been much thought given to our next steps, to what we would do, for example, in the event that the missions don't go as planned.

What will the President do if one of our planes gets shot at or shot down? Does he send in the jets to fire back? Does he cease the operation? Does he take the planes to an even higher altitude, from which they are even more ineffective? Will his response differ if we determine that it was the Moslems, hoping to draw us more deeply into their war, who shot at our planes, and not the Serbs?

How will the President respond if a stray pallet ends up killing a sleeping family when it inadvertently lands on their home? Will he suspend the operation? Or perhaps order the planes to fly at lower altitudes so they can drop more accurately, even though they would be more vulnerable?

What will the President's response be once it becomes obvious that the airdrops are not having a perceptible impact on relieving the humanitarian crisis? Will he increase the number of sorties? Fly them at lower, more accurate, yet more dangerous, altitudes?

Mr. President, my greatest concern is that we appear to be on a path of creeping incrementalism. If this approach doesn't succeed, we'll up the ante. After all, it's American prestige on the line now. Some might say, we can't just walk away if we don't succeed. We'll lose face, prestige. Can't let that happen. So we'll try a little something more, and if that doesn't work, some more again.

Before you know it, this country has slid into a much greater intervention in a conflict that we can't resolve and from which we can't extract ourselves at an acceptable cost.

This sounds like a familiar scenario to this Senator. The administration and the American people must think long and hard about embarking on a path from which there's no turning back. I don't have all the answers to these questions, Mr. President, but I believe it is essential that we ask and answer them presently, before we go much further with this particular policy.●

AN INTELLECTUAL TOUR DE FORCE

● Mr. MOYNIHAN. Mr. President, at the end of 1992 our distinguished former colleague from the House and former mayor of New York Ed Koch delivered an outstanding lecture on foreign affairs at New York University. Bringing to bear his considerable wisdom and trenchant wit, Mayor Koch has offered a panoramic overview of the challenges of the post-cold war world. I know that my colleagues will find it of great interest and I ask that the text of the lecture be printed in full in the RECORD at this point.

The text follows:

REMARKS BY EDWARD I. KOCH, NEW YORK UNIVERSITY, DECEMBER 18, 1992

NEW GLOBAL ECONOMIC AND POLITICAL CHALLENGES—ISOLATION OR WORLD LEADERSHIP

This is my third and final lecture for the semester and it is on the subject of foreign policy. Some may raise their eyebrows in askance at the suggestion that I would have views on foreign affairs. First, let me say that every mayor of New York City has his own foreign policy independent of the foreign policy of the United States. It comes with the territory. The mayors of other large cities have the same syndrome, particularly those with large immigrant populations.

So here in New York City Jews are very much concerned about the security of the State of Israel and Middle East Peace talks whenever they are occurring. The Irish are incensed at the British repression and occupation of the six northern provinces called Ulster. Blacks have an understandable passion for wanting to bring the racist apartheid Government of the Republic of South Africa to its knees. And, closer to home, Puerto Ricans are interested in the economy of Puerto Rico and its ultimate form of government: commonwealth, independence, statehood.

I have left out, because of time contraints, 150 other groups, e.g. Armenians re: resurrecting Armenia so as to include those parts now found in the former Soviet Union, Turkey and the other adjacent countries. Let me assure you there are sufficient Kurds in New York City to make the mayor aware of every nuance of what is occurring on the borders of Turkey, Iraq and Iran, as there are Hungarians who resent the treatment by Romania of its ethnic Hungarians in Transylvania, formerly part of Hungary, now part of Romania.

In addition to having been mayor to such a diverse population, I served in the Congress for nine years and a good part of that time was spent on the Foreign Operations Subcommittee of Appropriations. My committee was responsible for allocating billions of dollars to foreign countries in different forms. And I took my share of congressional inspection trips around the world.

Now back to substance. Let me start with the Middle East and in particular Israel and the confrontation of Arab states surrounding it. President Bush and Secretary of State Baker, notwithstanding my disagreements with them on the Middle East as well as in other areas or policy—domestic and foreign—should be given enormous credit for having brought Syria and Saudi Arabia to the peace table. Once they had agreed it became impossible for Lebanon and Jordan to stay away and, of course, Egypt already has a peace with Israel, cold as it may be.

The progress to date, limited as it is, would not have happened had Prime Minister Shamir remained in office. He was impossibly inflexible. I remember being with him in his office in Israel in 1990. I urged him to use language which would show greater flexibility and at least utter the phrases, "land for peace" and "territorial compromise." His response, "You'll say it your way, and I'll say it my way," and his way meant that over his dead body would there be territorial compromise.

Prime Minister Rabin will not sacrifice the security of the State of Israel. But he is willing to negotiate. And, if the Arabs understand that this is an opportunity to make a deal with a flexible yet security conscious prime minister, we may well see, using a shopworn phrase with some negative connotation: Peace in our time in the Middle East.

Because peace in our time with that connotation is not acceptable, it is clear the Israelis will not withdraw, nor should they withdraw, from the Golan Heights in their entirety or from every part of the West Bank. They will insist on testing peace for an extended period of time before they relinquish the entire Golan Heights. I think that can be done—without compromising Israel's security—through a sovereignty and lease

swap with the lease to run for 99 years. The Israelis will never remove all settlements from the West Bank, but I believe they would be willing to divide the West Bank so as to protect their flank from the Mediterranean Sea to the Jordan River.

The latest expulsion of 400 Palestinians has caused a furor and will continue to do. But what else could Israel do? As Prime Minister Rabin himself said on Israel television, "What was the alternative? The death sentence? House demolitions? Or putting these inciters at a distance? We didn't hurt anyone. We didn't kill anyone. We didn't damage anyone's property. I saw this as a means to physically limit them."

If Israel didn't expel them and put down the increasing terror which now includes guns and which in the last weeks has resulted in the killing of four Israeli soldiers and one Israeli police officer, then the alternative would be to shoot more of the Arab terrorists on sight when they take to rock throwing and otherwise menace Israeli military and civilians.

When Israel used plastic bullets, it was condemned. When the Los Angeles police used plastic bullets this week to put down a small, but burgeoning riot of black citizens—family and friends of the three black men accused of beating white truck driver, Reginald Denny, who were seeking apparently to create a new riot—no one was critical nor should they be.

The Israeli Supreme Court, which has an impeccable reputation for fairness worldwide, has ruled that these and prior expulsions are legal and do not violate Geneva Convention protocols. And those expelled may return in two years. While I opposed indiscriminate expulsions in the past, in this case I see no alternative. If Prime Minister Rabin took no action in the face of escalating terrorism, he would have lost the support of many Israelis. Vigilantism would have increased with assaults on innocent Arabs by angry Jews who would think their government is not capable of defending them. That is intolerable.

Moving further east past Jordan, we come upon the old battleground of Mesopotamia. If you really are interested in those battles all you have to do is go to the Metropolitan Museum to see the exhibit entitled "The Royal City of Susa." It takes you through the ancient wars leading up to the more recent wars between Iraq and Iran and ultimately Iraq and the United Nations.

Our president had his finest hour and his worst hour coming out of that final battle, dubbed the mother of all wars by Saddam Hussein. We defeated the mother but allowed him effectively to grasp victory from the jaws of defeat. That was done when President Bush kowtowed to the needs of another ally, Saudi Arabia. Saudi Arabia subsequently decided it made an error in urging that Saddam Hussein be allowed to stay in power and has since been pressing the U.S. to finish him off. Regrettably, easier said than done because Saddam is now more like a wounded tiger in a wooded area just waiting for the hunter to enter.

A brief comment on American foreign policy in that area. You may recall that most Democrats in the Senate refused to support a military strike against Saddam Hussein to their discredit. Only one Democrat north of the Mason Dixon Line, Senator Joe Lieberman of Connecticut, voted to support President Bush's resolution authorizing the military strike known as Desert Storm. What will unfold under the new Clinton administration will be the facts leading up to the war with Saddam Hussein. More will come out about his having been strengthened by U.S. loans and technology which allowed him to assemble the fourth largest army in the world with chemical and biological capability and nuclear capability anticipated in perhaps less than a year at the time. If President Bush had been re-elected, we might very well have seen impeachment proceedings of high level administration officials in his second term. Now we will see him only embarrassed.

We are now confronted with Iran, expansionist and fundamentalist in outlook, and therefore a threat to other states in the area. Iran, with over 55 million people, has a far greater war machine potential than Iraq which has a population of 18 million. We have to be in a position to make sure that Iran does not do successfully what Iraq sought to do unsuccessfully: Seize control of 70% of the world's oil resources.

Shifting now to the Soviet Union. We have made a terrible mistake but it is not too late to undo the error. We have decided to only minimally assist Russia and the other major states of the former Soviet Union. It is amazing to me that with the enormous economic pressures on Russia, Ukraine and other states resulting from the end of Communism, there has not yet been any major effort of hard-liners—since the aborted one against Gorbachev—to seize control particularly of Russia, Ukraine and Belorussia. There is enormous unemployment, inflation, lack of markets to sell goods and lack of money to buy goods from abroad, and yet so far there have been no major riots. Why? I don't know and they may yet come. There is obviously enormous tension between Yeltsin and the huge majority of hard-line Communists who are still members of the parliament.

What will come will be a greater and militarized Germany, now the single largest economy and most effective military operation in Europe, reaching out, as it has for centuries, towards the east, towards Russia. In the old days it was the dream of lebensraum, and today it will be trade and availability of raw materials.

Why we would allow that to happen instead of seeking our own economic and trade union with Russia and the other former Soviet States is beyond me. We will have the largest economic union in the world now that President Bush has signed the trade agreements between the U.S., Mexico and Canada—subject, of course, to Senate ratification. Why shouldn't we consider including in that union Russia and the other former Soviet States? We even have a common border with Russia in Alaska. In the meanwhile, the danger exists that Russian technology, in exchange for desperately sought dollars, will be exported to countries that may use that technology for war against their neighbors, e.g. Iran, North Korea.

Now in this short trip around the world in less than 80 days, let's turn to Japan. Japan remains, or for historical reasons is perceived as, a threat to the nations of the Pacific rim. That threat has been enhanced by virtue of the fact that Japanese Armed Forces are now being exported. Yes, under U.N. flag in Cambodia, but nevertheless exported. And undoubtedly nations heretofore occupied by Japan during WWII are worried and will seek to build their own defense capabilities, in particular, China, the largest country in the world with over a billion people and a government of octogenarians. When I was in Peking ten years ago they literally believed that they would have to live underground because of an expected, future Russian nuclear attack. They built an entire city under Peking which they allowed Members of Congress to see. And they expected, because of sheer numbers, to survive a nuclear world war III.

What should our position be towards the Chinese Government which is now the largest Communist government in the world, but which is still seeking to move albeit slowly in the direction of some kind of market economy yet engages in Communist repression of its citizenry? Can we hope to persuade them rationally that they are worse off having put down the Tiananmen Square rebellion with force than is Russia which resisted the efforts of hard-liners to destroy the democratic movement and is now in economic chaos? So, while it is important that we apply as much pressure diplomatically as we can, encouraging the Chinese to move in the direction of greater freedom for its citizens, on reflection I think President Bush was right to resist those, myself included, who demanded everything up to and including a diplomatic break unless the restrictions of freedom were removed. That is not to say the Chinese Government should have a free hand and pay no price for continuing its repression, but it is to say we should not end our ties and influence on them by a total diplomatic or economic break. We are not in a position to physically threaten them nor should we.

Moving right along, we are now in Vietnam. I read a statement in the New York Times which infuriated me because it gave information that, had it been known 20 years ago, would have saved countless American POW families heartbreak. If they had known of the information then they could have come to accept that their loved ones were dead and not continued to believe the rumors that the U.S. had intentionally left American soldiers behind when leaving Saigon on helicopters while Vietnamese were still climbing the embassy walls in an effort to escape.

On December 4th, the New York Times reported that Ross Perot's Vice Presidential candidate, Admiral James Stockdale, "Said today that he is convinced that no American prisoners of war were left behind in North Vietnam when the United States pulled out its ground force in 1973." Mr. Stockdale, a former naval aviator who was the highest-ranking American held by the Vietnamese at the Hoa Lo prison in Hanoi, told a Senate committee that American prisoners had set up an elaborate system to account for inmates in all prisons throughout North Vietnam. When North Vietnam released 591 prisoners as part of the Paris peace accords, he said, "all those who had been identified by the other prisoners were let go. 'I have no evidence of anybody that was left intentionally or is alive,' he said." Of course this statement does not cover Laos or Cambodia.

Nevertheless my question is: How can Admiral Stockdale explain and how can Ross Perot explain the failure to provide that vital information early on? The main obstacle to our opening diplomatic relations with Vietnam has been their alleged refusal to provide necessary information to account for POWs and MIAs. Based on the statement of Admiral Stockdale we apparently did receive a proper accounting for MIAs and POWs in Vietnam itself. And of course Senator John Kerry and his committee who were recently in Vietnam have extolled the cooperation being given by the Vietnamese Government in our search for survivors and in identifying the dead. If our Government, beginning with

Nixon up to and including Bush, had the Stockdale information available and didn't disclose it, they should be held up to contempt by the public for the unnecessary pain they caused and there doesn't seem to be a responsible reason for them to have done it.

Now moving across the Pacific to Africa. On the African continent, all but one of the countries are administered totally by blacks or Arabs and most are in terrible shape economically. Indeed, some in chaos. The Organization of African States does not seem capable of dealing with the problems that you see everywhere, whether it be civil war and religious murders in the Sudan, and to a lesser extent in Egypt, or the civil war in Liberia, with which we have a special relationship; and that only refers to the revolutions and riots and military coups without even addressing the economic woes.

If Europe could build an economic union and we are building a North American economic union, is it unreasonable that measures should now be started to build an economic union between all the African States? They are rich in resources and people, but regrettably the tradition of democratic government has not taken hold in many of the former colonies although it has in some. We should embark upon a plan to assist them in moving in that direction. I will discuss Somalia at the end of this lecture along with the former Yugoslavia.

So now we are headed home. It is remarkable that almost 90 percent of South American and Central American countries, once largely despotic, governed under military juntas or dictatorships, have now turned to democratic governments to their great credit.

There still remains one Communist state in the Western Hemisphere—Cuba. I believe it is in our interest to have diplomatic relationships with every country in the world currently and that includes Cuba. Castro may live another year or another 25 years but he is in his last act. His country is devastated. In preparation for his demise and the government that will follow, we should have a presence in Cuba which can only be done by establishing diplomatic relations and trade. I hope we do it under the new Clinton administration.

So now let's close the ring and deal with the two most important foreign interventions that currently face us. One, we are already in the soup and that, of course, is Somalia. I believe we took much too long to intervene there and the estimates are that every day of delay meant a thousand deaths from malnutrition and the estimates of those deaths range from 200,000 to 300,000. Worse, perhaps a million more men, women and children died from starvation because those who could send a military force to open the lines of communication and make the roads passable for the delivery of food did not act, including the U.S., until recently.

The U.N. declined and the U.S. waited far too long to take appropriate measures, along with the Organization of African States as well as the Arab States across the Red Sea who should have taken action to help their fellow Muslims. They all failed to do the right thing. Only now has the U.S., under great pressure from the American public, acted. President Bush, having nothing else to occupy him between now and January 20 as a lame duck and with no election to be faced and therefore no fear of the fatal consequences which every use of military force entails, has finally moved to do that which should have been done before. He has moved, not expeditiously, but nevertheless he has taken action for which he should be applauded. To President-Elect Clinton's credit he favored American intervention much earlier on.

No one knows whether this will be another near bloodless Operation Desert Storm for us. But whether it is or it isn't there are things that have to be done even though risks are involved. I say risks because we cannot intervene in every country in the world where starvation is occurring or civil war or other mayhem. Certainly we are not able to nor should we intervene in the civil wars occurring in those republics formerly part of the Soviet Union. Nor should we intervene in the civil wars occurring in India and Sri Lanka or Cypress (the last, Cypress, has had no bloodshed for many, many years). We should leave Somalia as soon as possible, perhaps as early as January 1993, as soon as the Marines have assured delivery of food. We should not take on the job of disarming Somalia or removing minefields. Leave that to a U.N. force to follow.

So as not to forget one of the most outrageous civil wars let me mention the Sudan where, according to the New York Times, upwards of 500,000 black Sudanese, mostly Christian with some Animists, were driven into the desert by their fellow black Sudanese Muslims. Many were offered the option of converting or being expelled into the desert where they will suffer and die. Somewhat similar to the option offered the Jews of Spain in 1492, Except there the option was to leave the country which most did. They were well received by the Muslims and others in the Eastern Mediterranean as well as North Africa with Turkey being a major hospitable sanctuary.

It is simply not possible for the U.S. to intervene everywhere there is a conflict and therefore two questions have to be asked and examined. One, what is the gravity of that which is happening and secondly, can we take an action that is responsible with respect to potential casualties and cost to us that will effectively deal with the problem: In other words, is it doable? In Somalia the answer by most opinions is a definite yes. The second and more thorny pending decision relates to the former Republic of Yugoslavia where there is an age old religious war going on involving Serbia which is Eastern Orthodox, Croatia which is Roman Catholic and Bosnia which is largely Muslim.

The evidence gathered by the media and the U.N. to date establishes to the satisfaction of most people and those voting at the U.N. that war crimes and bestial atrocities have been committed in that area overwhelmingly by the Serbians against the Bosnia Muslims. Yet we have drawn a cordon sanitaire around Serbia and Bosnia depriving Bosnia of access to arms while allowing Serbia to draw on the armaments held in large supply and fully available from the former Yugoslav National Army.

It is unbelievable that former Secretary of State Cyrus Vance would testify at the U.N. against a resolution to at the very least allow Bosnia to buy arms to defend itself. The world now knows that a new phrase has taken hold in the unholy spirit of the old Nazi phrase of "Judenrein." The new and more encompassing expression with the same implication is the Serbian reference to "ethnic cleansing." For the U.S. and any other civilized country to stand by and allow the Serbians on a massive scale to engage in murder, rape, torture and expulsion in pursuit of ethnic cleansing is incomprehensible.

We are seeing exactly what we saw when the Nazis started their ethnic cleansing beginning in the 30's with expulsions and ending in the 40's with the final solution involving concentration camps and crematoria. Would we again stand by were that to happen again? Is it so far-fetched that it might indeed happen again in Germany, when we see the attacks on Jews, Gypsies and foreigners occurring with physical assaults and murders albeit still small in number by comparison with the Nazi era?

There are those I am sure at the U.N. who will say that any internal matter no matter how bestial is not within the jurisdiction of the U.N., but others would say "never again": That war crimes and savagery reaching certain levels will not be free from U.N. intervention.

We have already seen that intervention in Iraq to protect the Kurds and the Shiites. And little legal objection has been raised with respect to protecting the Bosnian Muslims. The major objection has been that it is not doable. Yet, former Secretary of State George Schultz, the Iron Lady, now known as Lady Thatcher, and former President of the United States Ronald Reagan, along with others, but regrettably not the leaders of the European countries and the Bush administration, have said we must intervene and surely we must.

Since we have provided the personnel protecting the NATO countries as well as our Army protecting the world's access to its oil supply in Saudi Arabia and Kuwait, and particularly since we expended billions and disrupted the personal lives of millions of our American soldiers to protect Europe after WWII and safeguarded it for nearly 50 years from Soviet domination, it is not too much to ask that NATO troops be used to save a country that for all practical purposes is in the heart of Europe. Yes, we should provide our Air Force to bomb the Serbian positions if they will not lift their siege of Sarajevo and other Bosnian cities, but the NATO countries should provide the forces on the ground.

President-elect Bill Clinton, who has had no experience as a Governor in dealing with foreign affairs, will be sorely tested in his first few days in office because in all probability the issue of the slaughter of the Muslims in Bosnia will not go away nor regrettably be addressed in the final weeks of the Bush administration. I hope that our new President meets the test. Going into Bosnia to support its population and prevent these horrific atrocities from continuing is not only a moral obligation, but it is doable and the United States and the NATO countries should do it. Thank you.•

THE BUFFALO SOLDIERS

• Mr. D'AMATO. Mr. President, I rise today to honor a fine group of citizens, the Buffalo Soldiers. The 10th Black Cavalry Regiment is so nicknamed because its soldiers earned their formidable and fearsome fighting reputation near the railroad construction camps of the Kansas frontier in 1867. The uncommon valor of the troopers of the 10th, combined with the cultural perceptions of the Plains Indians, produced a legend. These black-faced white men fought like cornered buffalo and suffered wound after wound, without dying like the buffalo, and had a thick and shaggy mane of hair like the buffalo.

Through their 23 years of service in the Indian Wars from 1867 to 1890, the

Buffalo Soldiers, just as the Indians believed and feared, were never beaten. The 10th Cavalry served on the Mexican border in World War I, in North Africa during World War II, and in Vietnam.

February is Black History Month, so it is only fitting that we remember the black veterans who contributed so much to this history. A shining example of this is our present Chairman of the Joint Chiefs of Staff, Gen. Colin Powell. Black soldiers have played a major role, from the Revolutionary War to Somalia.

The first Americans realized a century ago what took our Congress until 1948 to verify—that the black man was easily the equal of the white man in war, as well as peace. On February 26, 1993, at the Rockland County Courthouse, in New York, the first Buffalo Soldiers Awards will be presented. Honorees for this first annual award will be Hezekiah Easter, World War II veteran and former county legislator; William Bullock, Korean war veteran and former prisoner of war; and William Nelson, Vietnam veteran and county judge. After serving their country, these men went on to serve their communities. These are men who personify duty, commitment, dedication, and patriotism.

I salute them.●

AMERICA'S SUBMARINE INDUSTRIAL BASE

● Mr. CHAFEE. Mr. President, my distinguished colleague from New York, Senator D'AMATO, recently has been addressing the issue of the nuclear submarine industrial base and the uncertain future which faces nuclear submarine construction. I am very pleased to note that my colleague is concerned about this issue and has devoted considerable time and energy to devise a proposed solution which addresses the future of this capability. I am also pleased that he has concluded that the only way to maintain a nuclear submarine construction capability is to continue the construction of nuclear submarines.

It is true, as Senator D'AMATO points out in his most recent statement on this issue, that in March 1992, Adm. Bruce DeMars, the Navy Director of Nuclear Propulsion, submitted a report to then-Assistant Secretary of the Navy Gerald Cann entitled "Preservation of the U.S. Nuclear Submarine Capability." It is also true, as Senator D'AMATO states, that in his report Admiral DeMars advocated the reopening of the Improved SSN688 construction line.

It is also true, however, that in November of last year, Admiral DeMars submitted to Mr. Cann a supplement to his report of March 1992. In this November supplement Admiral DeMars states:

> With the restoration of the SSN22 by Congress in the spring, the gap in submarine orders will now be seven years * * * from FY91 to a planned FY98 authorization for *Centurion*. As explained in the attached, it makes most sense to bridge this gap by continuing to build *Seawolf* submarines—starting with SSN23 in FY94. This would provide much needed work to the submarine integration and testing portion of the submarine industrial base.

Mr. President, it is obvious that Admiral DeMars reevaluated his recommendation last year in light of the congressional mandate to continue construction of the *Seawolf*-class submarine and now is in total agreement with the congressional direction. The supplement report is brief and states very concisely the current position of Admiral DeMars.

Senator D'AMATO also challenges industry and the Navy to develop capable and more affordable platforms for the future. The current alternatives being considered as part of the *Centurion* cost and operational effect analysis [COEA] will address these issues.

The *Centurion*, which will be flexible from a design perspective, can serve as a baseline for upgrades. This is consistent with Secretary of Defense Les Aspin's prototyping and rollover-plus philosophy during periods of limited production.

The present limited production environment encourages the cost-effective development and validation of new technologies without the associated pressures of large-scale production. Development of totally new concepts such as *Centurion*, coupled with low rates of production, ensures that design and construction capabilities are maintained, and also limits the impact on production of any problems encountered.

I am confident that the U.S. Navy and industry can meet the challenge this opportunity provides, and I join my colleague, Senator D'AMATO, in welcoming input from the Navy on these ideas. I look forward to working with him this year as we address the issues facing the vital nuclear submarine industrial base.●

CONTAINING ETHNIC CONFLICT

● Mr. SIMON. Mr. President, recently, Charles William Maynes, editor of Foreign Policy, had a significant article titled, "Containing Ethnic Conflict."

We have not solved the ethnic problem in our country, and there is, at least, some evidence that it is not diminishing. We have not reached out with understanding to one another as much as we should have. The bill I introduced and became law, which calls for FBI monitoring of hate crimes in this country, has resulted in the first report from the FBI. We will know from future reports whether racial, ethnic, and other forms of hate crimes are rising or diminishing. Anecdotally, the suggestion is that they are rising. The Anti-Defamation League of the B'nai B'rith indicates that anti-Semitism has risen from where it was a few years ago, but in the last year declined slightly.

But there is no question that ethnic conflict and our failure to reach out and understand one another is a major problem in a suddenly destabilized world.

All the news is not bad. For example, in his article, Bill Maynes refers to Mozambique being "on the verge of collapse because of civil war." Actually, since his article was written, the news from Mozambique has been basically positive, and I am hopeful.

The news from Bosnia and many other points in the world is not good. He quotes John Stuart Mill as saying democracy is "next to impossible" in a country with a multiethnic population. Obviously, the United States is an example of a democracy that has worked—albeit with flaws—and has a multiethnic population, and the same can be said of other countries, including our neighbor to the north, Canada.

He quotes political scientist, Eric Nordlinger, as suggesting that minorities be given some proportional division of key offices and makes one other important point: "The history of ethnic conflicts suggests that they may be reduced if the stronger group is willing to make the major concessions." He cites Switzerland as an example where the Protestant majority defeated the Catholics in the civil war of 1847, and then made generous offers to the Catholics, and within a year, you had a healing process that took place. Nigeria's civil war of a few years back did not result in as deep a division permanently to that country, as many feared, because of some generosity shown there, though the more recent religious conflicts in the north of Nigeria have been discouraging.

In addition to the suggestions made by Bill Maynes in his article, I would add the suggestions that the United Nations should call an international conference on ethnic division that encourages people of various ethnic, racial, and religious backgrounds to reach out to one another, to understand one another better. We can use the pulpit of the United Nations to soften the harshness of divisions.

Let me add, Bill Maynes is not the only one to write about this problem. Our colleague, Senator PAT MOYNIHAN, has written a book titled, "Pandaemonium." I have not read the book yet, and I understand what pandemonium is, but I am not sure what pandaemonium is. I assume it is some kind of a plural of pandemonium.

I shall read his book and find out what he says. I am sure it is enlightening, as other Moynihan books have always been.

I ask to insert the Maynes article into the RECORD at this point.

The article follows:

CONTAINING ETHNIC CONFLICT

(By Charles William Maynes)

Although the world may worry about a post-Cold War America turning inward, the rhetoric of the last presidential campaign followed by the December 1992 U.S. decision to intervene in Somalia suggests that America is poised for a new burst of foreign policy activism. The victor, Bill Clinton, in his April 1, 1992, speech before the Foreign Policy Association, had called for America "to lead a global alliance for democracy as united and steadfast as the global alliance that defeated communism." The loser, George Bush, had called in his campaign for a new world order, "in which nations settle disputes through cooperation, not confrontation; where the strong protect the weak; where people are governed by the rule of law and not the tyranny of despots; where people are free to choose their own leaders and form of government; and where they can travel and enjoy the fruits of their own labor free from oppression."

Both candidates saw the Persian Gulf war as a harbinger of the post-Cold War world and both supported the intervention in Somalia as a another example of post-Cold War internationalism. For Bush, the Gulf war was the "first example of the emerging new world order." In the April 1 speech, Clinton contended that "the role of the United Nations during the Gulf war was a vivid illustration of what is possible in a new era." By mid January 1993, as the change in power drew near, the United States was edging toward intervention in the bloody struggle among Croats, Muslims, and Serbs in the former Yugoslavia. Meanwhile, many pundits and commentators were going further. They were calling for a new approach to international relations, one that would urge humanitarian intervention through collective military action in dealing with ethnic disputes, that would bestow a much larger role on the United Nations, and that would sanction the use of force, if necessary, to defend or impose international norms of legality or political order.

A critical test for the new administration, then, will be how it deals with the pressure for a new approach to crises that resemble those in Bosnia-Herzegovina or Somalia. There are several key questions that need to be answered: To what degree can collective security work in dealing with ethnic disputes? Are there other tools available? Is the American approach to ethnic disputes valid for other countries?

The Clinton administration is not likely to find the answers to those questions very satisfactory. Collective security probably will not work in most cases. The other tools are politically difficult to use. And the American approach to ethnic conflict is, on the whole, wrongheaded and needs to be changed.

Undoubtedly, the growing interest in humanitarian intervention and collective security can be explained in different ways. Endorsement of either or both provides the country's foreign policy elite with a new rationale for its continued relevance in high policy circles now that the Cold War has ended. It also protects political figures from the damaging label of "isolationist." Finally, so long as U.N. members continue to follow the U.S. lead, there is, at least temporarily, no conflict between those who support traditional American unilateralism and those who press for new forms of American multilateralism: The United States calls the tune while the rest of the world dances.

The difficulty for the Clinton administration will be that the number of places that are in need of some form of collective security or forcible intervention is growing. Since the Gulf war, all the trends have been in the wrong direction. Rather than the strong protecting the weak, the news has been of cowards firing mortar shells into hospitals and breadlines in Sarajevo. Instead of people freely enjoying the fruits of their own labor and the rule of law, intolerance and ethnic hatred seem to be spreading across the face of Europe. Not only are the recently liberated peoples of Central and Eastern Europe using their new freedom to act on old hatreds, but ugly racial prejudices are disrupting the most politically stable states of Europe. Right-wing thugs have firebombed innocent foreigners in Germany and a former French prime minister has publicly sympathized with compatriots who object to the presence and smell of France's Arab migrant population.

Indeed, animosity among ethnic groups is beginning to rival the spread of nuclear weapons as the most serious threat to peace that the world faces. No doubt the stakes are high. The conflict between Armenia and Azerbaijan may have had little immediate impact on relations among the great powers, but much larger consequences could flow from the tensions rising between the Russian Republic and the Baltic states. If Russia were to move militarily to protect its co-nationals in Estonia or Latvia, where they are now being mistreated, a cold peace would develop between Moscow and its Western partners. Many of the hopes for a new, more cooperative world would dim.

Larger issues are also involved in the ethnic tension developing in the Serbian province of Kosovo and in newly independent Macedonia, both of which have large Albanian populations. Albania has already announced that it will act in the event of a conflict between the Albanian majority in Kosovo (of more than 90 per cent) and Serbia. Greece and Turkey might then be drawn in. NATO would be shaken. The conflict could spread further.

In Africa the geopolitical stakes may be lower, but the level of human misery is greater. A vicious cycle of tribal rivalries and governmental collapse has made all talk of a new world order or a crusade for democracy seem a cruel hoax to most Africans.

Somalia is not the only country in trouble; its neighbors are not in much better shape. In Sudan the central authorities from the north, who are Muslim, have attempted to impose sharia, or Muslim law, on the south, whose Christian and Animist populations insist on autonomy. The civil war is being fought with such cruelty that tens of thousands of children have lost their parents and now roam the Sudanese countryside searching for food and shelter. Most will perish.

Mozambique is on the verge of collapse because of civil war. Ethiopia teeters. On the other side of Africa, from Angola to Liberia, the news is of ethnic conflict, mass misery, and dissolving authority. And the list grows.

Afghanistan is a cauldron of ethnic and religious hatred. There is little foreign interest in the future of Afghans whose fate was a Western preoccupation as long as the Cold War raged. And in Haiti, a corrupt military protects a mostly mulatto elite by terrorizing a helpless majority of poor blacks.

In short, the balance sheet for the new world order does not look very reassuring. The world appears to be at the beginning, not of a new order, but of a new nightmare.

USING THE U.N.

Since ethnic conflicts are already so well developed and only likely to get worse, many believe the source of the problem is the world's failure to substitute a new world order based on collective security for the outdated Cold War order that rested on East-West hostility fueled by Soviet and American arms. The old antagonism is gone now that Russia threatens primarily itself and Moscow and Washington no longer see one another as enemies. Why not implement the United Nations Charter as its drafters intended and construct a system of global collective security to deal with the new threats?

In response to that call, Secretary-General Boutros Boutros-Ghali in his June 1992 Agenda for Peace proposed an ambitious series of steps, including the creation of a small standing U.N. force. France and Russia have endorsed the creation of such a force, probably in the belief that they will have a larger voice in peacekeeping if it is directed through the U.N. than if it is organized on an ad hoc basis by Washington. The U.S. government under Bush reserved judgment on the secretary-general's proposal, but in his campaign speeches Clinton suggested the value of a U.N. rapid deployment force, which "could be used for purposes beyond traditional peacekeeping, such as standing guard at the borders of countries threatened by aggression; preventing more violence against civilian populations; providing humanitarian relief; and combating terrorism." (Despite the multiple tasks, he argued that it would "not be a large standing army but rather a small force that could be called up from units of national armed forces and earmarked and trained in advance.")

The demand for a reinvigorated U.N. peacekeeping effort is understandable given the many crises that are erupting around the world. But unless care is taken, U.N. or other peacekeeping forces could be involved in extremely dangerous situations, in which they might be unable to accomplish the goals that reformers have in mind. Most recent commentary fails to recognize, for example, that the U.N. system, though drawn up in the universal language of collective security where the common enemy appears to be aggression from any source, did in effect identify the likely opponents. They were the enemy states, Germany and Japan, covered in Articles 53 and 107 of the Charter. Discussions at the time the Charter was drafted make clear the general concern of member states over a resurgent Germany or Japan. In other words, a system providing a veto to the five victorious powers could work as long as they had a common enemy, and in 1945 they believed they did.

Is it possible to develop a similar consensus that instability per se is the enemy? It seems unlikely. Washington and Moscow have probably gone as far as possible in their cooperation in the former Yugoslavia, for example. A formal decision to target Serbia militarily would probably break the consensus. The Russian government is under attack from right-wing nationalists for abandoning its traditional ally, Serbia. Certainly, unless the veto could be set aside, the world body would be incapable of doing anything more than offer good offices in the event of a conflict between Russia and one of its neighbors. But even in more distant parts of the world, it is unrealistic to expect that the five countries with a veto on the Security Council, particularly China and Russia, will always be able to agree. From the beginning, therefore, in order to avoid unreasonable expectations, those in favor of U.N. reform must be realistic in their claims. It is highly unlikely that the Persian Gulf war will really turn out to be a model for the future.

Another common mistake in discussions of U.N. reform involves a confusion of peacekeeping with peace observing. In the past, U.N. troops were called peacekeepers when they were really peace observers. They were deployed only upon the agreement of the parties in conflict. They were lightly armed and were able to defend themselves only against isolated attacks, not against a major assault by a professional army. When one of the parties benefiting from a peacekeeping agreement decided to abrogate its terms, the U.N. forces were helpless. In 1967, Egypt demanded that the U.N. troops separating Israel from Egypt be withdrawn. Eventually, the U.N. had no alternative but to withdraw them. (The secretary-general should have procrastinated in the hope that the Egyptians would come to their senses, or that outside states would bring pressure to bear on Cairo to change its position, but that is another story.)

When the Israelis told the U.N. troops separating Israel and the Palestine Liberation Organization in southern Lebanon to get out of the way in 1982, again the U.N. had no alternative but to bend to Israeli wishes and look on as the Israelis invaded Lebanon. Neither in 1967 nor in 1982 was the U.N. in a military position to resist an army as large as Egypt's or Israel's. The peacekeepers could only stay as long as both wished them to stay.

Sometimes additional confusion develops because there is talk of using a U.N. peacekeeping force as a tripwire. But except in unusual circumstances U.N. peacekeeping troops cannot be equated with, say, the U.S. forces in West Berlin during the Cold War, which did serve a tripwire function. In the case of the American troops in Berlin, Moscow knew that if they were attacked, there was a significant probability that military hostilities with the United States would ensue. In the case of U.N. troops in the Sinai or southern Lebanon, Cairo and Jerusalem knew that if U.N. troops attempted to bar the way and therefore were attacked, there was a very low probability of a U.N. military response. The patron of each side could be expected to use the veto.

The United States, in the hubris of the Reagan administration, forgot the fundamental nature of peacekeeping. It deployed U.S. Marines in Lebanon without understanding that it was essential for their safety that the United States not take sides in the Lebanese civil war. The Reagan administration decided to back the Christians and soon found its troops under attack by the Muslims and finally driven from Lebanon after the disastrous bombing of the marine barracks in Beirut.

Much of the confusion about peacekeeping has developed because of the unusual circumstances in which U.N. peacekeepers have found themselves in both Lebanon and Bosnia-Herzegovina. In both operations the U.N. deployments have enjoyed the formal approval of the concerned governments. But for the first time since the Congo operation in the early 1960s—a crisis that nearly destroyed the U.N.—the world body has found its troops regularly attacked by forces that are not under the control of central governments. Iran, Israel, or Syria may influence the various militias in Lebanon, but no outside force can control them completely. And certainly the government of Lebanon cannot. In such circumstances, whether U.N. troops can continue to perform their traditional functions depends on the extent of the challenge. If isolated attacks grow to where a large segment of the local population opposes the U.N. presence, its options are complete withdrawal or the invasion of the country with a force sufficient to compel compliance with U.N. mandates. The latter course of action is unacceptable to the international community because of the bloodshed and expense involved.

In Bosnia the situation is even more complicated. If Serbia is in adequate control of those forces violating the various U.N.-negotiated ceasefires, then the appropriate response is to persuade Serbia to end the defiance of U.N. mandates either by reaching an understanding with Belgrade or, if necessary, by compelling Belgrade through military force. But if the militias are assisted rather than controlled by Serbia, then the U.N.'s options depend on the extent of the local challenge to the U.N. forces. If that challenge moves beyond isolated attacks to the point of civil war, then the U.N. must either withdraw from Bosnia-Herzegovina or prepare for the occupation of the country by a force large enough to suppress presumably fierce Serbian resistance. Because that task could involve hundreds of thousands of troops, the great powers have been understandably reluctant to act. Suggestions that air power alone could settle the issue seem specious. Serbs greatly outnumber the Muslims in the former Yugoslavia and the Serbs are better armed. Air attacks on the Serbs are likely to lead to even greater Serbian pressure on the Muslims, who now receive outside supplies only at the sufferance of the Serbs. The West would then be faced with the need to come to the rescue of the Muslims with military operations on the ground.

The best course for the international community therefore is a final effort to reach an agreement by negotiation. If that fails, then the United Nations should respect the demand of the authorities in Sarajevo that they be given the tools to defend themselves. With outside help and even air support, they still would be unlikely to win the war but they might limit the size of a new greater Serbia enough to carve out a place for the Muslim minority to retain their own state. No one should doubt, however, that such a solution would bring even more killing and ethnic cleansing.

It is important to understand the root of the problem in Bosnia-Herzegovina or Somalia. It is not ineptitude on the part of the U.N. or the European Community or the United States, though all three have made serious mistakes in those crises. The fundamental issue was underscored in a 1992 Brookings Institution study of cooperative security, which stated that, "as the bloodshed in Yugoslavia and Somalia reveals, the international community does not have the security mechanism that would be required to control serious civil violence. The available apparatus of diplomatic mediation backed by the imposition of economic sanctions or even by threatened military intervention requires a corresponding political structure to have any constructive effect."

But to create such a structure would require what might be called the World War II solution: the total defeat of the sanctioned country, the imposition of a new political order there, and a lengthy occupation until the international community was sure that new and more acceptable institutions had taken root. A World War II solution is what the world seems to be edging toward in Somalia because the cost to the international community seems manageable. But even there the great powers hesitate to make the commitment required: The United States has been reluctant to take action to disarm the country and wants to leave it early, several of the other governments participating in the occupation have indicated that they will withdraw their troops when the U.S. troops leave, and the U.N. is hesitant to confront the need to establish some form of medium-term trusteeship over Somalia until normal life can be restored.

But suppose that the international community were to take all those steps in Somalia. The problems of all the other U.N. members that are suffering from civil unrest would remain. Already African governments are suggesting U.N. or U.S. intervention in other ethnic conflicts on their continent. Clearly the U.N. cannot intervene in every ethnic conflict around the globe. The world must find other ways to address the problems of tribalism and group conflict before the hatred and mistrust are such that only outside military intervention is likely to succeed, yet is unavailable.

DIVIDED SOCIETIES

In searching for those other tools, the world must recognize that, in regions like the former Yugoslavia or parts of the former Soviet Union, it is facing the kind of crisis for which it has never had a satisfactory answer. In this century, when two or more populations have been reluctant to live with one another in a single state, the options open to the international community have turned out to be either unconscionable or unpalatable; ethnic cleansing, repression, partition, or power sharing. Of the four, ethnic cleansing ironically appears the most politically effective, albeit the most morally reprehensible. Despite the human costs, Poland and the Czech Republic are more stable today because they were permitted to eject their German minorities. So are Greece and Turkey after they carried out massive exchanges of populations in the 1920s. But at the personal and community level such exchanges are exceedingly cruel and they were only tolerated because the wars they followed had set new standards of cruelty. The world today will rightly be much less tolerant of a state demanding the right to ethnic purity.

Repression had been another answer to ethnic conflict. It was the communist answer throughout Eastern Europe and in the Soviet Union itself. It is the Syrian answer in Lebanon today. It is an answer that provides a temporary solution today but prepares the way for a political explosion tomorrow. Those repressed only await the day when they can rise up. The world tolerates Syrian repression in Lebanon today only because it seems somewhat more benign than the ethnic and religious anarchy that roiled Lebanese politics from the mid 1970s on. It is a miserable solution to an intractable problem.

Partition along with some form of ethnic cleansing was the world's solution in Palestine and South Asia. The difficulty with partition is that the line cannot be drawn with any exactitude. Significant minorities will be left behind. New ones will be exposed or develop. Partition has been impossible in Bosnia-Herzegovina because the Croatian, Muslim, and Serbian populations have been so mixed.

Power sharing is the most humane approach to the problem of ethnic conflict, but that is not to deny its unusual political difficulty. As John Stuart Mill pronounced in Representative Government, democracy is "next to impossible" in a country with a multi-ethnic population. The authorities in ethnically divided Bosnia-Herzegovina at first sought a unified state. The Serbs feared

they would be permanently outvoted. Now, under the pressure of a civil war, all sides are discussing power sharing with U.N. mediator Cyrus Vance and European Community representative David Owen. Power sharing in Zimbabwe took place only after years of civil war. It fell apart in Lebanon because demographic changes called into question the legitimacy of the power-sharing formula.

For power sharing to work in some of the ethnic conflicts that now trouble world peace, however, much more needs to be known about how different societies have attempted to resolve their ethnic conflicts. A 1972 study of conflict resolution in divided states by political scientist Eric Nordlinger did identify several key principles: agreed outcomes, proportionality, mutual vetoes, and "purposive depoliticization." Thus, conflicts are often reduced when party leaders make pre- or post-election deals (agreed outcomes) that accord the defeated parties a place at the table. Societies as different as Austria and Malaysia have reduced bitter ethnic or religious conflicts through a political process of negotiated outcomes. Regardless of election results, the numerically weaker party knew it would still have a voice in national politics.

Many ethnically or politically divided states have tamped down conflict by a proportional division of key offices. Examples of such states include Belgium or pre-1975 Lebanon. Each ethnic group was assured a certain number of key positions.

Frightened minorities may also be reassured by a system of mutual vetoes. Both Austria and Belgium have sought civil peace through such a system. No decision can be made without all key parties agreeing. "Purposive depoliticization" involves an agreement among all parties that certain subjects are outside politics—for example, religion. States that have followed that path include Belgium, Lebanon, and the Netherlands.

The final principle Nordlinger identifies is perhaps the most difficult of all and is rarely practiced. The history of ethnic conflicts suggests that they may be reduced if the stronger group is willing to make the major concessions, in Switzerland, for example, even though the Protestant majority won the civil war in 1847, it made major concessions to the defeated Catholics, who were offered equal representation even though some of their districts were smaller. The gesture was so successful that within a year the defeated cantons had declared that they "would offer their services to the Bund and fight in its army at the slightest sign of a threat to Switzerland from the outside."

Perhaps one reason the United States held together as a democracy after the Civil War is that Abraham Lincoln asked for "malice toward none" and "charity for all." The South, though crushed, regained from the victorious North equal representation in Congress. Indeed, through the seniority system in Congress, the South acquired disproportionate power in the federal government. More recently, white Americans, though a majority, under the pressure of the civil rights movement, accepted limitations on majority rights in the form of affirmative action and other racially directed policies. While those limitations have been extremely controversial, they have not been rejected because the national goal is civic peace. Now, through oddly shaped, gerrymandered districts, the American political system, in the interests of racial harmony, is going so far as to effectively guarantee more seats in Congress for African and Hispanic Americans.

Ironically, studies of ethnic conflict suggest that some of the remedies that Americans assume can address the problem are, in fact, not effective.[1] For example, Americans tend to focus on individual rights rather than on group rights. That is a feature of what might be called Anglo-American democracy. But many European democracies practice what is known as "consociational democracy," which offers greater accommodation to group rights and more protection to those who feel vulnerable in a "winner take all" system of democracy. European practice seems much more appropriate for the ethnically or religiously driven conflicts that are now troubling the world.

Americans are big believers in federalism. But specialists in ethnic conflict are wary of federal solutions because they tend to promote secession or partition and even greater intolerance toward the minority groups that are left behind.

Finally, a recent feature of American diplomacy in several administrations has been a strong belief in the need to negotiate from strength. That position, more appropriate for a Cold War struggle, is then applied to other conflicts where it is asserted that no one should win at the negotiation table what has not already been won on the battlefield or through the ballot box. But deeply rooted ethnic, religious, or ideological struggles are not resolved that way. Not understanding that concept, Americans are puzzled when an election in Angola does not end the conflict or when the victorious party in Nicaragua deems it necessary to reach out to the defeated Sandinistas.

The international community needs to know more about what works and what does not in the handling of ethnic or religious conflict. The U.N. Security Council should commission a study of successful attempts to resolve such conflicts and hold a meeting at the foreign minister level to discuss the results. Leaders in the international community need to understand past successes better so that they may deal more effectively with the crises of today.

PROVISIONS FOR PEACE

Armed with better knowledge, what additional steps might the world community take? First, the international community needs to dramatically improve the U.N.'s ability to practice preventive diplomacy so ethnic or religious tensions can be addressed before they erupt into violence. Member states have long denied the secretary-general the eyes and ears that would enhance this organization's ability to intervene early and effectively in crises that threaten international peace and security. He has no ambassadors or embassies. He has been discouraged from deploying fact finders to investigate crises. He has not been permitted to take advantage of new breakthroughs in satellite intelligence, although at one point INTELSAT did offer to reserve three channels on its satellites for the U.N.

To provide the U.N. the eyes and ears needed, the intelligence agencies of the great powers, searching for a new mission with the end of the Cold War, could provide weekly briefings of the secretary-general or senior U.N. officials. (There is much criticism of the U.N. for not alerting the world in time to the disaster in Somalia. But where were the intelligence agencies of the major powers?) The secretary-general could be authorized to buy time regularly on the French satellite surveillance service, SPOT, that is now available commercially. Moreover, since 1986 the French have proposed a U.N. satellite for gathering information and monitoring developments around the globe. That would be a more useful but a more expensive option.

There are, of course, provisions in the Charter that, if used, would enhance the world's ability to practice preventive diplomacy. Article 99 permits the secretary-general to bring to the council's attention any situation he deems a threat to peace. But he must know enough about the situation to be sure of his ground. He could draw on Article 99 to dispatch fact-finding missions on his own authority, as Dag Hammarskjöld did—to America's dismay—when he visited China in January 1955; but even if it should be used more often, Article 99 must be used sparingly. Its regular use without the support of the Security Council could deprive the secretary-general of his authority. Rather, the great powers should exploit Article 34 of the Charter, which states that the Security Council "may investigate any dispute or any situation which might lead to international friction or give rise to a dispute." That provision should be used to create anticipatory fact-finding and mediation efforts in crisis spots from the Baltic states to the Horn of Africa.

Second, the international community must begin to redefine the obligations of nation-states so that minority rights receive greater protection. Moral approval must go to the civil state, which seeks to provide a decent life for all of its citizens, rather than to the ethnic state, which provides a home for a dominant nationality. Prince Bernhard von Bulow, the former German chancellor, wrote in 1914 that "in the struggle between nationalities one nation is the hammer, the other the anvil, one is the victor and one is the vanquished." That was the logic employed by Adolf Hitler in asserting the rights of German nationalism over all others.

Today's German state is light-years away from the kind of Germany envisaged by either of those leaders, but it still continues a troubling tradition that makes it extremely difficult for non-Germans who have lived for decades in Germany to receive German citizenship. The law effectively brands all foreigners in Germany as not belonging there and so encourages ethnic violence. Japan is another state that has similarly tough citizenship laws. Moral approval for such an approach to citizenship must be withdrawn.

In promoting the civil state, the U.N. could look to the League of Nations in the treatment of minorities. The peace treaties of 1919 required states such as Czechoslovakia, Greece, Poland, and Romania to assure full protection to all inhabitants without distinctions of birth and nationality, language, race, or religion. Meanwhile, the league worked out a procedure for the settlement of minority disputes. True, those treaties were flawed. They were too vague. The most powerful states, such as Germany, did not accept comparable obligations toward their minorities. There were no sanctions for those who ignored their provisions. But the treaties represented the first attempt in history to provide international legal protection to minority populations.

Unfortunately, instead of building on those treaties after World War II, U.N. members gave far less attention to the issue of minority rights. The Soviet Union, with its many minorities, did not want a strong U.N. interest in their fate. And the United States had

[1] See Arend Lijphart, Democracy in Plural Societies (New Haven: Yale University Press, 1977) and Eric A. Nordlinger, Conflict Regulation in Divided Societies (Cambridge: Harvard Center for International Affairs, 1972).

its own concerns because of its large African-American minority, many of whom were then denied the right to vote. The U.N. human rights machinery remained more concerned with individual rights than with minority rights.

That attitude is changing. At the 1992 General Assembly, U.N. members adopted a resolution on minority rights that stated that persons belonging to such minorities have the right to enjoy their own culture, to profess and practice their own religion, and to use their own language. However, much more needs to be done. U.N. members should take advantage of the proposed June 1993 meeting in Vienna of the World Conference on Human Rights to begin to develop the concept of the civil state over the ethnic state. An effort should be made to codify strong obligations that all member states would accept with respect to minorities.

Today, the Third World fears that the developed countries will use human rights to resurrect neo-colonialism. The fears are so great that the Vienna meeting is in danger. To combat those fears, the major states, including the United States, should make it clear that all states, including the great states, will accept the same responsibilities with respect to minorities. At the Vienna meeting, the United States should press for the creation of working groups that could publicly monitor the record of all states in that sensitive area. The U.N. Security Council should also develop sanctions to be applied against states that violate their international obligations—denial of access to international capital markets and international financial institutions or suspension of their membership in international institutions.

Realistically, world opinion alone cannot prevent a large state from mistreating its minorities if it is determined to do so. But criticism, ostracism, and sanctions can affect decision making. And most states are not in a position to defy the international community totally. As horrible as the events in the former Yugoslavia have been, it is instructive that in the face of vigorous international criticism, which was late to develop, the Serbs opened several concentration camps to inspections by the U.N. and the Red Cross and began releasing many of the prisoners. Part of the tragedy of the former Yugoslavia rests in the fact that, because the U.N. has no independent intelligence capability and the great powers do not share their intelligence with it, the appalling conditions in the camps were not news until so many had perished.

Third, in order to reduce Third World fears of great power intervention in their internal affairs, part of any international effort to ensure minority rights must be a strengthening of regional organizations. Many developing countries are reluctant to see the Security Council, dominated by five permanent members, of which four are former colonial powers, as the chief enforcement instrument of intervention to maintain international peace and security and to protect minority rights. Indeed, although they deserve membership, making Germany and Japan permanent members of the Security Council will only compound the problem.

There is, in fact, a growing body of evidence to suggest that regional organizations can play a constructive role in sorting out seemingly intractable disputes. The Contradora Group of Latin American states was able to influence the outcome of the civil wars in Central America in a constructive direction, and West African states were able to intervene in Liberia during a cruel civil war, even if difficulties remain. The Association of Southeast Asian Nations (ASEAN) played a substantial role in facilitating the U.N. peace process that led to the signing of the settlement plan for Cambodia.

It will be objected that the world cannot depend on regional organizations to show the necessary courage. Last July, for example, the ASEAN countries remained silent on human rights abuses in Burma while the United States was urging the region to take a stronger position. The Organization for African Unity remained silent about Ugandan dictator Idi Amin until he had finally lost power. The Arab League has examined Israel's human rights record with a microscope while turning a blind eye toward much worse abuses in the Arab world.

The way to change that reality is to again exploit the U.N. Charter. It provides that regional organizations cannot undertake enforcement action without the authorization of the Security Council. That provision of the Charter could be used to develop over time a greater degree of accountability on the part of regional organizations. To date, the Security Council has not made relationships with regional groups a priority.

The Security Council's credibility would be enhanced if its composition were changed. But a Charter amendment to grant permanent seats to countries like Germany and Japan is likely to take time. Meanwhile, the council has the right to create suborgans. For the purpose of peacekeeping missions, the council should create a subcommission for the direction and financing of peacekeeping operations on which Germany and Japan would be regular members. In addition, before the U.N. authorized a factfinding or mediation or peacekeeping operation in a particular region of the world, key states from the region should become members of the subcommittees.

Finally, the world community should never rule out the use of force in principle. Often, when debating the use of force, the U.N. seems paralyzed by the prospect of a double standard: How can it intervene in one country when it refuses to do so in another? But the impossibility of intervening everywhere should not bar the U.N. from acting anywhere. The international community must accept the inevitability of what might be called opportunistic idealism. Thus, one would not have wanted to prevent the dispatch of troops to Somalia simply because the international community was unwilling or unable to take similar actions in other parts of the world. But it is important to understand that the world community will rarely use force to control ethnic and religious conflicts. The international community has neither the will nor the capacity to intervene militarily in such situations. It needs other tools.

The development of such tools need not stand in the way of moving toward the bolder visions outlined by Bush and Clinton in the campaign. The U.N. could, for example, create a standing force composed of volunteers who would be willing to undertake dangerous operations under the U.N. flag. To prepare for the occasional emergency in which a much larger force might be needed, U.N. members, including the United States, could earmark national forces for peacekeeping tasks. Those forces could be trained to respond quickly, within a few days, to a U.N. request with which the host government was in agreement. Earmarked forces might train together, and governments providing troops could be invited to join a Security Council subcommittee that would oversee the training and preparation of the forces. But all should understand that the permanent U.N. force will be far too small to intervene in the many ethnic conflicts from which the world now suffers, and member states may be reluctant to offer earmarked troops for an enforcement action.

Some, especially those sensitive to current U.S. financial difficulties, might ask why the world should organize a U.N. force that would be used infrequently and would be so clearly unequal to the larger task. The answer lies in a belief that a U.N. effort to enhance minority rights legally and U.N. tools diplomatically and militarily would represent a global commitment to act that is now missing even on those occasions where multinational military involvement is both possible and likely to be effective. Help in Somalia, for example, might have been provided much earlier if U.N. members had already accepted the legal and financial commitments involved in the creation of new legal instruments, new institutional structures, and new military forces. Instead of procrastinating and then insisting that the U.N. effort be voluntary in order to save money—the initial U.S. position—major powers might have been more inclined to use instruments already in place and paid for.

In the end, of course, the primary need is not for more conflict, even under a U.N. flag. The need is for more diplomacy—early, persistent, and effective. If the world gains that kind of diplomacy, no one can guarantee that violence will never erupt again as it has in Bosnia or Somalia. But the number of such conflicts can be reduced, the lives of millions improved, and U.N. members brought closer to their Charter obligations. It would not be a new world order, but it would also not be an ignoble goal for a new and activist administration.

DEPARTMENT OF ENERGY NATIONAL COMPETITIVENESS TECHNOLOGY PARTNERSHIP ACT OF 1993—S. 473

• Mr. WALLOP. Mr. President, the Department of Energy National Competitiveness Technology Partnership Act of 1993 that I am cosponsoring is grounded in the notion that there are incomparable scientific and technological capabilities within the national treasures we know as the Department of Energy's laboratories. More importantly, the bill recognizes that the laboratories can and should play a significant role in enhancing the growth of the Nation's industries and spawning new technologies and products that will add to our energy security and increase our competitive position in the international community.

These laboratories have a wealth of scientific expertise that was built on our need to develop a strong national defense complex. Now that recent changes in the world have reduced our need to develop weapons, it is time to focus on the future missions for these facilities that house our most sophisticated research and development programs. Who can argue against channeling the resources of the laboratories into partnerships that will operate to the mutual benefit of the Government

and the private sector? Since the early forties, we have invested a significant amount of taxpayer dollars in our defense programs. We can reap a huge bonus from that investment by using the expertise developed over the years for military purposes to increase our economic competitiveness.

The laboratories have developed research and development capabilities in virtually every scientific and technological area. Through these partnerships, they will be capable of making significant contributions to commercializing technologies in such diverse areas as manufacturing, ceramics and other materials, supercomputing, and human health. We are encouraging such activities at the labs by guiding the Secretary and the laboratory directors toward these alliances with the private sector. These partnerships are the best mechanism for exploring opportunities to utilize for civilian purposes the infrastructure heretofore developed and used primarily for military requirements.

While I strongly endorse this concept there are many questions left to be answered about the implementation of this technology transfer mission. Maintaining proper oversight of the program without discouraging participation by industry is a key concern for me. Similarly in light of our budget problems, I am concerned that we redirect existing programs to achieve the goals of this legislation as opposed to creating new programs that will require additional funding.

A related issue is the expansion of the bureaucracy within the Department by the addition of an undersecretary and assistant secretaries. The legislation I cosponsored last year also contained this provision; however, the Energy Committee was repeatedly assured by the Bush administration that the new positions would result in a more effective organization of the Department given the new focus for the laboratories created by the bill. Presumably this, as well as the other issues about which I have expressed reservation, will be thoroughly explored and satisfactorily resolved in our committee hearings on this legislation.

I want to commend my colleagues, Senators JOHNSTON, DOMENICI, and BINGAMAN for their tireless efforts in crafting legislation that will not only maintain our premier scientific and technological facilities for future defense needs but will promote their use for the advancement of our economic competitiveness. Senator DOMENICI has been pursuing this goal for over a decade. I am pleased to be able to cosponsor with him the product of that endeavor.●

DANFORTH: COURAGE, CHARACTER, CONVICTION

● Mr. SIMON. Mr. President, one of the finest Members of this body is our colleague from Missouri, Senator JACK DANFORTH.

He and I have not always agreed on things, but there has never been any question about his motivation. Nor has there been any question about his ability.

He has stood, time and again, for things important to the future of this Nation and has done it when it did not help him politically in the State of Missouri.

Leadership is not doing what is popular but what the Nation needs, and JACK DANFORTH has provided that kind of leadership.

I was pleased to pick up the St. Louis Post-Dispatch the other day and read a tribute to him by his former colleague and our former colleague, Tom Eagleton.

Tom Eagleton summarizes the Danforth record as well as anyone can.

I ask to insert the Tom Eagleton column into the RECORD at this point.

The article follows:

[From the St. Louis Post-Dispatch, Feb. 7, 1993]

DANFORTH: COURAGE, CHARACTER, CONVICTION

(By Thomas Eagleton)

The Founding Fathers never envisioned governmental service as a permanent career. The system would function best, as they saw it, if citizens would devote some years of their lives to public service and then return to whence they came and use their government experience for the greater local good. The Founding Fathers would be very pleased with Sen. Jack Danforth—in how he performed in public life and in his approach to the governmental decision-making process.

Danforth, the politician, was a three "Cs" man: courage, character and conviction.

Courage: This trait was apparent from the outset in issues such as the Panama Canal Treaty and the sale of F-15s to Saudi Arabia. Danforth entered the Senate as Jimmy Carter became president. In political terms, he owed nothing to Jimmy Carter. Yet, on two of the most politically incendiary Senate votes of the Carter years, Danforth supported Carter—because he thought Carter was right.

On the Panama Canal Treaty, the political right and the veterans groups were on the war path. "We stole it fair and square," said one Republican senator. "It's ours. We built it. We paid for it. We'll keep it," was the battle cry. Never mind that the Joint Chiefs of Staff said it could not be defended against sabotage. Despite the political risks, the freshman Sen. Danforth voted for the treaty because he believed it was prudent public policy.

The F-15 sale to Saudi Arabia was another profile-in-courage vote. The position of the pro-Israel lobby was that Saudi Arabia faced no threat from any of its Arab neighbors, neither Iran nor Iraq. Arabs do not attack Arabs, it was argued. Thus, selling F-15s to Saudi Arabia served no purpose other than to pose a threat to the Jewish state.

Saudi Arabia, we now know, faced serious challenges from its Arab neighbors—and still does. Danforth knew it in the '70s and cast a gutsy vote.

Character: In the summer of 1990, the Senate was considering President George Bush's proposal to amend the Bill of Rights so as to prohibit flag burning. In the 200 years since it was enacted, the Bill of Rights had never been amended. Danforth pointed out that flag burning was, to him, a repugnant act, but that it clearly was a form of political expression. He said, "We want our Constitution, not just a piece of it. We want all of it. And we want our Bill of Rights. We want our First Amendment." The now-senior senator from Missouri concluded his speech with a warning to Bush, "No election, no pocket of votes here or there, no percentage points in the polls justifies even the slightest nick in the Bill of Rights."

Conviction: Danforth took seriously that the Republicans were the party of Abraham Lincoln. He worried that his party had, over the years, drifted away from the historic concern about civil rights. Danforth worked to form a group of Republican senators who could cooperate with a like-minded group of Democrats to get rid of the poisonous, racially charged quota controversy. Danforth was determined that his party not play the quota card in the 1992 election. Bush kept his pledge to Danforth and signed Danforth's civil rights bill in November 1991.

Quite a career. Yes, indeed, the Founding Fathers would be very pleased with Jack Danforth.●

EXTENDED UNEMPLOYMENT INSURANCE BENEFITS

● Mr. MATHEWS. Mr. President, I rise to acknowledge my support for S. 382, a bill to extend benefits under the Emergency Unemployment Compensation [EUC] Program. If the passage of this legislation had been prohibited, the EUC Program that has been in place since November 1991 would have expired this coming Saturday, March 6, leaving between 250,000 to 300,000 Americans per month with no unemployment insurance as their regular benefits were exhausted. I am therefore pleased that the Congress has been able to act so quickly and decisively to address this situation. The bill will be on the President's desk for his signature by today or tomorrow, so that there will be no disruption in benefits to those who have been out of work the longest during this recession.

While the Clinton administration and Congress pursue action to stimulate and strengthen the economy, this legislation will provide the assistance necessary to get the long-term unemployed and their families through a few more months of joblessness while they seek employment. Until the unemployment rate falls, these benefits will help pay the mortgage and the doctor bills; they will help put food on the table and gasoline in the car. In Tennessee alone, 66,000 people are collecting unemployment insurance benefits each week, with 20,000 receiving EUC payments. And while our unemployment rate—6.6 percent as of January—is lower than the national average, it is still far too high. With the passage of S. 382, each week 1,500 Tennessee residents who would have exhausted their unemployment insurance benefits will now continue to have a source of income. These are people who have been looking but

unable to find work for at least the past 26 weeks. We must ensure that these out-of-work Americans—the biggest victims of a decade of voodoo economics—have the helping hand they need until the economy stabilizes.

Some may argue that there is no reason to extend unemployment insurance because the economy is finally beginning to recover. Of course all of us are extremely pleased that the economic engine seems to be chugging along more forcefully in recent months, but it must be pointed out that the economic recovery has not yet had a marked effect on the employment rate. While many of the leading economic indicators are improving, the unemployment rate of 7.1 percent today is actually higher than during the depths of the recession, when unemployment stood at 6.7 percent. In past recessions, an increase in employment usually led the economic recovery. We now have a situation of unprecedented unemployment in the aftermath of a recession. Because our unemployment rate remains so high, we had no choice but to pass this legislation. Without S. 382, 45,000 Tennessee residents would have been cut off from receiving benefits between now and October, when the EUC Program will expire. To ensure the continuance of our economic recovery, and to keep these families stable, we had to ensure that these 45,000 Tennesseans—and the millions like them around the country—maintained some measure of purchasing power.

Make no mistake in thinking that the Emergency Unemployment Compensation Program is a solution to our economic woes. It is not: EUC is only a short-term measure to help relieve a very serious problem. Let us now move as quickly as we can with an economic recovery plan that will provide long-term solutions. We must invest wisely in our future, in a way that provides job growth, improves our infrastructure, and utilizes our human capital. At the same time, it is imperative that we tackle our mammoth deficit, which threatens any long-term recovery.•

TRIBUTE TO THE COMMUNITY BANKERS ASSOCIATION OF THE STATE OF NEW YORK

• Mr. D'AMATO. Mr. President, I rise today to pay tribute to an organization that has dedicated itself to helping the people of New York State in recognition of its centennial anniversary. The Community Bankers Association of New York State represents 135 community and savings banks with assets of $145 billion, employing 35,000 people at 1,400 locations statewide.

Mr. President, the savings and community banks of New York have played an invaluable role in meeting the local housing, consumer business, and educational needs of New York's communities for almost two centuries. These community oriented institutions have provided $82 billion in housing for almost 5 million people; $3.7 billion in consumer loans to more than 800,000 people; and 140,000 student loans to enable young people, our most valuable resource, to receive an education. New York's community banks also provide our citizens with $20 billion in low-cost, consumer-oriented life insurance.

Mr. President, I commend the Community Bankers Association of New York State for their service to their State and the contributions of their members to the well-being of our citizens.•

URGING THE UNITED NATIONS TO SUPPORT A RESOLUTION ON HUMAN RIGHTS IN CUBA

Mr. BURNS. Mr. President, I send a resolution to the desk on behalf of Mr. MACK, for himself, Mrs. FEINSTEIN, Mr. HELMS, Mr. GRAHAM, Mr. MCCAIN, Mr. DOLE, Mr. LIEBERMAN and Mr. BURNS, and ask for its immediate consideration.

The PRESIDING OFFICER. The resolution will be stated by title.

The legislative clerk read as follows:

A resolution (S. Res. 76) urging the member nations of the United Nations Commission on Human Rights to support a resolution on human rights in Cuba.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

Mr. MACK. Mr. President, on March 9 the U.N. Commission on Human Rights in Geneva will consider a resolution drafted and cosponsored by the United States on Cuba. The main purpose of the U.N. resolution is to extend the mandate of Special Rapporteur on Cuba appointed by the Commission last year.

Mr. President, today I rise to introduce a Senate resolution that would urge the member nations of the U.N. Commission on Human Rights to support this United States-drafted resolution on human rights in Cuba.

Last year, the U.S.-drafted resolution establishing a Special Rapporteur passed by a margin of 23 to 8 with 21 abstentions. The Castro government responded by refusing to comply with "one single comma" of the resolution, and by cracking down on human rights monitors on December 10, 1992, U.N. Human Rights Day.

This year the United States delegation hopes to increase support in the Commission for investigating human rights in Cuba, thereby increasing the pressure on Cuba to allow the Special Rapporteur to fulfill his mandate. It is critical for the cause of human rights in Cuba and for the effectiveness of the U.N. Human Rights Commission that the pressure on Cuba be increased in this session of the Commission.

The Senate resolution I am introducing cites the dismal record of Cuban noncompliance with U.N. resolutions concerning Cuba. The Castro regime has ignored the U.N. Special Representative, has ignored the U.N. Special Rapporteur, has ignored the U.N. General Assembly, and has ignored repeated calls to abide by the most fundamental human rights.

Mr. President, there is no one I know who is more courageous and selfless than the human rights activists who risk their lives and freedoms almost daily to challenge Castro's tyrannical regime. The report of the U.N. Special Rapporteur states flatly that the Cuban Government, "tends to resort to the use of repressive means to silence any expression of discontent or independent opinion, no matter how small."

That says it in a nutshell, Mr. President—"no matter how small." Castro's tyranny is total. Yet we can and must stand in solidarity with the brave Cuban people yearning to breathe free. A strong vote in the U.N. Human Rights Commission for human rights in Cuba will give heart to these brave people and say to them: we have not forgotten you, we stand with you.

The U.S. Senate should pass this resolution to send the message to Fidel Castro that the world will not ignore his repression of human rights and his flouting of the U.N. Human Rights Commission. I urge passage of the resolution.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution (S. Res. 76) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, reads as follows:

S. RES. 76

Whereas the United States has an obligation to promote and protect human rights and fundamental freedoms stated in the Charter of the United Nations and elaborated in the Universal Declaration of Human Rights;

Whereas the United States committed in the Cuban Democracy Act of 1992, to "continue vigorously to oppose human rights violations in the Castro regime";

Whereas Resolution 61 (1992) of the United Nations Commission on Human Rights provided for the appointment of a Special Rapporteur "to review and report on the situation of human rights in Cuba and to maintain direct contact with the government and citizens of Cuba";

Whereas the Cuban government refused to permit the Special Rapporteur to visit Cuba and formally expressed its decision not to "implement so much as a single comma" of Resolution 61;

Whereas, despite the obstructionist actions of the Cuban government, the Special Rapporteur submitted a report describing the systematic abuse of human rights and concluding that the Cuban government "tends to resort to the use of repressive means to silence any expression of discontent or independent opinion, no matter how small";

Whereas the Cuban government increased repression against leaders of several human rights groups in Cuba on United Nations Human Rights Day, December 10, 1992;

Whereas on December 18, 1992, the United Nations General Assembly passed Resolution 47/139 which "regrets profoundly the numerous uncontested reports of violations of basic human rights and fundamental freedoms" and expressed "deep concern at arbitrary arrests, beatings, imprisonment harassment, and governmentally organized mob attacks on human rights defenders and others who are engaged in the peaceful exercise of their rights"; and

Whereas the United States is cosponsoring a resolution on Cuba in the 1993 session of the United Nations Commission on Human Rights which commends and endorses the report of the Special Rapporteur, extends his mandate for one year, and calls upon the Cuban government to carry out the recommendations of the Special Rapporteur to "bring the observance of human rights and fundamental freedoms in Cuba up to universally recognized standards . . . and to end all violations of human rights, including in particular the detention and imprisonment of human rights defenders and others who are engaged in the peaceful exercise of their rights": Now, therefore, be it

Resolved, That it is the sense of the Senate that the member nations of the United Nations Commission on Human Rights should cosponsor and vote for the resolution reappointing the Special Rapporteur on Cuba and calling on the Cuban government to abide by internationally recognized standards on human rights.

SEC. 2. The Secretary of the Senate shall transmit a copy of this resolution to the President with the request that he further transmit such copy to the member nations of the United Nations Commission on Human Rights.

Mr. BURNS. Mr. President, I move to reconsider the vote.

Mr. WELLSTONE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. WELLSTONE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. WELLSTONE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

APPOINTMENTS BY THE VICE PRESIDENT

The PRESIDING OFFICER. The Chair, on behalf of the Vice President, pursuant to Public Law 94-304, as amended by Public Law 99-7, appoints the following Senators to the Commission on Security and Cooperation in Europe:

The Senator from New York [Mr. D'AMATO];

The Senator from Iowa [Mr. GRASSLEY];

The Senator from Pennsylvania [Mr. SPECTER]; and

The Senator from Florida [Mr. MACK].

The Chair, on behalf of the Vice President, pursuant to 10 U.S.C. 6968(a), appoints the following Senators to the Board of Visitors of the U.S. Naval Academy: the Senator from Arizona [Mr. MCCAIN], from the Committee on Armed Services, and the Senator from Oregon [Mr. HATFIELD], from the Committee on Appropriations.

The Chair, on behalf of the Vice President, pursuant to 10 U.S.C. 4355(a), appoints the following Senators to the Board of Visitors of the U.S. Military Academy: the Senator from New York [Mr. D'AMATO], from the Committee on Appropriations, and the Senator from South Dakota [Mr. PRESSLER], at Large.

The Chair, on behalf of the Vice President, pursuant to 10 U.S.C. 9355(a), appoints the following Senators to the Board of Visitors of the U.S. Air Force Academy: the Senator from Montana [Mr. BURNS], from the Committee on Appropriations, and the Senator from Mississippi [Mr. LOTT], at Large.

Mr. WELLSTONE. Mr. President, I was going to suggest the absence of a quorum, but I see the Senator from Oklahoma is here.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. NICKLES. Mr. President, I ask unanimous consent to proceed as in morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE PRESIDENT'S ECONOMIC PACKAGE

Mr. NICKLES. Mr. President, last night the Congressional Budget Office issued an analysis of the President's economic package and what its economic impact would be on the deficit. I have compiled a fact sheet to show my colleagues so they will see what its impact is each year starting in 1993, all the way through 1998.

Mr. President, I am going to insert this in the RECORD, but first I would like to tell my colleagues what the impact is.

One, President Clinton's deficit reduction goal falls $107 billion short of his stated goal.

I will just mention a couple of these items. CBO says new taxes equal $337 billion between 1993 and 1998. These are cumulative figures. New taxes are $337 billion, and tax cuts are $70 billion, so net new taxes are $267 billion. They have not supplied us a list to show what all the new taxes are. Some of us want to make sure they are including the Social Security tax increase on senior citizens. I do not know if CBO counted that or not. President Clinton said in his State of the Union Address that he wanted to rely on the Congressional Budget Office. He said we are going to have truth in budgeting. So the figures I am giving are not just from the Republican Policy Committee or DON NICKLES, they are from CBO. Hopefully, we will get the details of the CBO statement so we can show everybody exactly where these figures come from.

But the analysis says that between 1993 and 1998, net new taxes equal $267 billion.

The report also says discretionary spending cuts equal $159 billion; and $112 billion of that $159 billion is in defense. So that means there are $47 billion in nondefense spending cuts.

CBO also says that there are discretionary spending increases of $155 billion. So in nondefense, you have $47 billion in spending cuts and $155 billion in spending increases. Including defense, net discretionary spending cuts are $5 billion. Entitlement cuts, according to CBO, equal $85 billion and new entitlement spending $34 billion for net entitlement spending cuts over this 5-year period of $51 billion.

So if you add all the spending cuts together—defense, nondefense, and entitlements—the total amount of all spending cuts, according to CBO, over the 5 years is $55 billion. I might mention, these are compared to CBO baselines, and that is confusing for a lot of people, but that is what the Congressional Budget Office has projected spending would be over the next 5 years.

I think it is important now to notice the difference in the ratio. The Congressional Budget Office says over the next 5 years net new taxes will equal $267 billion and it says the net amount of spending cuts over the next 5 years is $55 billion. For those who have not figured it out, that means there is $4.85 for very dollar in spending cuts, almost five times as much in tax increases as in spending cuts.

I think that is a vitally important point for people to realize. I hope that figure sinks in. We are talking about almost $5 of tax increases for every dollar of spending cuts, and this comes from the Congressional Budget Office.

I cannot help but think that many of my colleagues are under the impression, that we are cutting spending just about as much as we are raising taxes. As a matter of fact, some newspapers are still reporting this is a balanced deal. That is not the case. That is not the truth. Those are not the facts.

The facts, according to the Congressional Budget Office, are that we are going to raise taxes $267 billion in the next 5 years and we are going to cut spending $55 billion, a 4.85-to-1 ratio. That is not balanced. That is more than just being heavy on the tax side. That is lopsided on the tax side. I might mention, I notice the Presiding Officer and I compliment him because he is one of the few Members in this body who comes from the private sector as I have.

That massive new tax increase is going to put a lot of people out of

work. I will just touch on one, the energy tax.

Some of my colleagues say, I know the Senator from Oklahoma is concerned about energy. He is from an energy-producing State. But I am concerned about this tax's ramifications throughout the economy. The energy tax alone, it is said, is going to raise $71 billion but President Clinton's budget says we are going to offset that with $42 billion of spending increases through low-income energy assistance, through earned income tax credits, through increased food stamps. He is going to spend an additional $42 billion to cushion the impact of a $71 billion increase in energy taxes.

But I wonder how that offset will affect a company like American Airlines. American Airlines is the largest private employer in the State of Oklahoma. American Airlines, unfortunately, last year lost $985 million. The net impact of the tax increases on energy alone is estimated by them to range from $200 some million to $300 some million. They cannot afford that. They cannot pass it on. If they could pass it on, they would have passed it on this year and they would not have lost all the money.

So my concern is that we are going to be putting a lot of people out of work. Some people have estimated the energy tax provision alone will cost 700,000 jobs. I do not know how many jobs it is going to cost.

Mr. BURNS. Will the Senator from Oklahoma yield on that point?

Mr. NICKLES. I will be happy to yield.

Mr. BURNS. If we lost as many jobs as have been lost in the energy area to explore and to lift oil and gas in the last, let us say, 8 years, there would be a national outcry because this whole infrastructure to produce oil and gas in our own country has completely moved offshore and now they take another hit. I just wonder if the American people are aware of how devastated this industry has been since 1984 and 1985.

Mr. NICKLES. I appreciate my friend's comments and question because there is no doubt that most people are not aware of the fact that there are over 400,000 people who have lost their jobs in the energy sector just in the last 8 to 10 years. And this energy tax, I might tell my friend and colleague from Montana, is going to put a lot more people out of work. But I will also say that the majority of the 700,000 that many people are projecting will be out of work is not from the energy industry. Many will be from the energy industry, but many more will be in airlines, many more will be in steel, many more will be in automobiles, many more will be in agriculture, many more will be in any industry that is significantly dependent on energy.

I might mention, too, to my colleague that it is going to have an inflationary impact of significance. I had a manufacturing plant, and if our energy costs went up we tried to pass them on. And if we were profitable, we would pass them on.

But I might also mention in our industry today, we are not profitable. We cannot pass them on. We would if we could, but we cannot. And the net result is that this could further push many ailing industries over the cliff.

I see this package being very lopsided in the form of tax increases versus spending cuts, almost a 5-to-1 ratio of tax increases versus spending cuts. It is going to put a lot of people out of work. I do not think we want to do that. I think we need to look at the facts. This is not a balanced program that President Clinton has proposed. This is not a program with deficit reduction of $500 billion over the next 5 years of half tax increases and half spending cuts. The Congressional Budget Office says it is not $500 billion in deficit reduction. It is $322 billion. And of the $322 billion, $267 billion of it is tax increases and $55 billion of it is spending cuts.

Now, they go on to add that they would expect we would have debt service savings of $33 billion. And so for the total deficit reduction, it would be $355 billion over the 5 years compared to $462 billion as claimed by President Clinton and so there is a net overstatement in deficit reduction of $107 billion.

Mr. President, I have that report which I will include in the RECORD. I also want to include in the RECORD a year-by-year assessment of President Clinton's plan and how it is scored by CBO. I might mention that this will show on a year-by-year basis by the end of the 5 years, yes, they overstate the deficit reduction by $107 billion. It also shows the new taxes that are proposed as scored by CBO. They show zero in 1993, and I find that interesting because I have heard Treasury Secretary Bentsen and others saying that some of the tax increases will be retroactive back to January 1 of this year. I guess the money will not be collected until 1994 and that is probably the reason why it is scored zero in 1993. But actually it is a tax increase for 1993. I think most of my colleagues are aware of that.

But CBO does estimate that in 1994 we will have net new taxes, new taxes minus the tax cuts of $28 billion. They estimate net new taxes in 1995 of $39 billion; 1996, $56 billion; 1997, $72 billion; and 1998, $72 billion. That is a total of $267 billion.

On the spending cuts, if you look at the so-called net discretionary spending cuts, after all those 5 years, it says, well, we are going to have total discretionary spending cuts of $159, but it says we are going to have spending increases of $155, so we will only have $5 billion of net discretionary spending cuts. And that includes the defense cuts.

But I might show you where they fall. The first year we do not have a net spending cut. In 1993, we have a $3 billion spending increase. In 1994, we do not have a spending cut. We have a $10 billion spending increase. In 1995, we do not have a spending cut. We have a net increase in spending of $15 billion. In 1996, we do not have a spending cut. We have a spending increase of $3 billion.

Mr. President, we do not have a spending cut until 1997, and then we have a spending cut of $17 billion, and in 1998 a spending cut of $19 billion.

I might mention to my colleagues that in the 1990 budget package, all the spending cuts were stacked towards the last 2 years, and is it not interesting to note that all the spending cuts in the President's package are stacked toward the last 2 years?

It also just so happens that the Clinton administration, when they made their proposal, wanted to eliminate the spending caps of the 1990 budget package for 1994 and 1995. In other words, the only real cuts that were called for in the 1990 package he wants to lift, he wants to take off the caps; he wants to increase spending—$44 billion of his loss of revenue, or his loss in deficit reduction compared to CBO is his changing or lifting of the caps.

It is interesting to note that in the first 4 years of this package he actually increases domestic spending and then in the last 2 years he actually cuts spending.

On the entitlement side, President Clinton proposed increasing spending in 1993 by $3 billion, the year we are in. I might mention that this does not include the unemployment compensation package that we passed yesterday that increased entitlement spending $3.2 billion in 1993 and $2.3 billion in 1994. CBO did not score that. We are spending money faster than CBO can calculate even though they are supposed to be on top of it.

In 1994, they show no net entitlement cuts; in 1995, $2 billion in net entitlement savings; in 1996, $11 billion in net entitlement savings; in 1997, $18 billion in net entitlement savings; and in 1998, $24 billion in net entitlement savings.

Again you might notice, Mr. President, that all the spending cuts on entitlements are really saved for the last 3 years of the package. In other words, no pain for 1993, 1994, and 1995. As a matter of fact, we are going to spend more money in those years. But we will start making cuts 3 years hence.

So net spending cuts, if you add all this together, equal $55 billion.

Now, I might remind my colleagues, too, of that $55 billion in spending cuts, we cut spending in defense by $112 billion. I will project right now that this Congress will not allow that to happen. I doubt that we will even cut this much in our budget resolution, but we surely

will not do that 2 or 3 years from now because I think that is grossly irresponsible and we will not be able to maintain a quality military force.

But if we were cutting defense $112 billion, it is kind of interesting to see over the next 5 years the total net spending cuts are $55 billion. If you take defense out, you will find out we are really spending more money in entitlements and other nondefense programs by a significant amount.

Mr. President, I am going to ask unanimous consent to have inserted into the RECORD both of these charts. I hope that all my colleagues will look at these charts. These charts clearly show two things: One, the Congressional Budget Office does not agree with President Clinton. The Congressional Budget Office says that his budget package falls short $107 billion of his stated deficit reduction objectives.

The Congressional Budget Office also shows that under his plan, according to the Congressional Budget Office, the way they score it, $4.85 in taxes are raised for every dollar in spending reduction.

I find that to be grossly irresponsible. I find that to be totally unacceptable, and we need to change the plan. I hope my colleagues will look at this. I hope my colleagues will consider it, and I sure hope and pray we will change it and change it dramatically before we see a budget pass this Congress.

Mr. President, I ask unanimous consent to have printed in the RECORD the CBO report on the Clinton deficit reduction plan dated March 3, 1993.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

CBO on the Clinton Plan: $4.85 in taxes for every $1.00 in spending cuts[1]

	1993 to 1998
New taxes	337
Tax cuts	(70)
Net new taxes	267
Discretionary spending cuts[2]	159
Discretionary spending increases	(155)
Net discretionary spending cuts[2]	5
Entitlement spending cuts	85
Entitlement spending increases	(34)
Net entitlement spending cuts	51
Net all spending cuts[2]	55
Total, new taxes & spending cuts	322
Debt service savings	33
Total deficit reduction	355
Claimed by Clinton plan	462
Amount of Clinton plan overstatement	107

[1] $267 billion in new taxes/$55 billion in spending cuts=$4.85.

[2] Includes $112 billion in cuts to discretionary defense spending. Dollars in billions, compared to the CBO current law baseline. Items which increase the deficit are listed in (parentheses).

Source: CBO Report released on March 3, 1993.

CBO ON THE CLINTON PLAN: $4.85 IN TAXES FOR EVERY $1 IN SPENDING CUTS[1]

	1993	1994	1995	1996	1997	1998	Total
New taxes	0	46	52	68	85	86	337
Tax cuts	0	(18)	(13)	(12)	(13)	(14)	(70)
Net new taxes	0	28	39	56	72	72	267
Discretionary spending cuts[2]	0	3	8	28	56	63	159
Discretionary spending increases	(3)	(13)	(23)	(32)	(39)	(45)	(155)
Net discretionary spending cuts[2]	(3)	(10)	(15)	(3)	17	19	5
Entitlement spending cuts	0	4	8	18	25	31	85
Entitlement spending increases	(3)	(4)	(6)	(7)	(7)	(7)	(34)
Net entitlement spending cuts	(3)	0	2	11	18	24	51
Net all spending cuts[2]	(7)	(9)	(13)	7	35	42	55
Total, new taxes and spending cuts	(7)	18	26	64	107	114	322
Debt services savings	(0)	0	2	4	10	17	33
Total deficit reduction	(7)	19	27	68	117	131	355
Claimed by Clinton plan	(12)	40	55	89	141	149	462
Amount of Clinton plan overstatement	(5)	22	28	21	24	18	107

[1] $267 billion in Net New Taxes/$55 billion in net all spending cuts=$4.85.

[2] Includes $112 billion in cuts to discretionary defense spending. Dollars in billions, compared to the CBO current law baseline. Items which increase the deficit are listed in (parenthesis).

Source: CBO Report released on March 3, 1993.

Mr. NICKLES. Mr. President, I yield the floor.

Mr. BURNS addressed the Chair.

The PRESIDING OFFICER (Mr. MATHEWS). The Senator from Montana.

THE SEXUAL ASSAULT PREVENTION ACT OF 1993

Mr. BURNS. Mr. President, I rise today to add my name as a cosponsor to S. 6, the Sexual Assault Prevention Act of 1993. This bill takes a strong stance on the prevention and punishment of sexual violence. It seeks to assist and protect the victims of these horrible crimes and gives power to States and localities to help as well.

Mr. President, this is not a subject on which I usually speak, and I will not profess to be an expert in this area. God willing, my family will never have to face the types of terrors this bill addresses. But for many, this bill may be a lifesaver. And I mean that literally.

We need to be tough on the criminals and protective of the victims. In the best of all worlds, we should be able to prevent the crime from taking place to begin with. Barring that possibility, we should, at the very least, put the victims' rights first and make certain the perpetrator does not have the chance to repeat the crime.

This bill, Mr. President, goes a long way in seeking protection for those victims of these horrible crimes, and gives powers to the States and localities to help them, as well.

Violence is a serious issue, and unfortunately, in the case of sexual violence and domestic violence, women are usually the targets. We all have a mother, some of us have a wife, and some of us have sisters and daughters. I would hope, that in a year that has been labeled "Year of the Woman," we would do everything possible to see that our loved ones are protected from the nightmare of sexual violence.

We need to get tough on crime, and I believe strongly that this is something we can do now, without having to wait for a comprehensive crime package.

I am honored to add my name as cosponsor to S. 6.

I yield the floor.

AUTHORIZING TESTIMONY AND REPRESENTATION BY THE SENATE LEGAL COUNSEL

Ms. MOSELEY-BRAUN. Mr. President, on behalf of the majority leader and the Republican leader, I send to the desk a resolution and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

A resolution (S. Res. 77) to authorize testimony and to authorize representation by the Senate legal counsel.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

Mr. MITCHELL. Mr. President, in *Kofoed* v. *Swanson-Nunn Electric Company, et al.*, No. 9209-06644, an employment discrimination case pending in the Oregon Circuit Court for Multnomah County, the defendants seek the deposition testimony of a member of Senator HATFIELD's staff, concerning casework performed for the plaintiff. This resolution would authorize the employee's testimony in this case, except concerning matters for which a privilege should be asserted, and would authorize the Senate Legal Counsel to represent the employee in connection with that testimony.

The PRESIDING OFFICER. If there is no objection, the resolution and the preamble are agreed to.

The resolution, with its preamble, reads as follows:

S. RES. 77

Whereas, the defendants in Kofoed v. Swanson-Nunn Electric Company, et al., No. 9209-06644, pending in the Circuit Court of the State of Oregon for Multnomah County, seek the deposition testimony of Suzanne Beede, a Senate employee on the staff of Senator Hatfield;

Whereas, by the privileges of the Senate of the United States and rule XI of the Standing Rules of the Senate, no evidence under the control or in the possession of the Senate can, by administrative or judicial process, be taken from such control or possession but by permission of the Senate;

Whereas, when it appears that evidence under the control or in the possession of the Senate is needed for the promotion of justice, the Senate will take such action as will promote the ends of justice consistent with the privileges of the Senate;

Whereas, pursuant to sections 703(a) and 704(a)(2) of the Ethics in Government Act of 1978, 2 U.S.C. §§ 288b(a) and 288c(a)(2), the Senate may direct its counsel to represent employees of the Senate with respect to requests for testimony made to them in their official capacities: Now, therefore, be it

Resolved, That Suzanne Beede is authorized to testify in Kofoed v. Swanson-Nunn Electric Company, et al., No. 9209—06644 (Or. Cir. Ct.), except concerning matters for which a privilege should be asserted.

SEC. 2. The Senate Legal Counsel is authorized to represent Suzanne Beede in connection with the testimony authorized by section 1 of this resolution.

Ms. MOSELEY-BRAUN. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

Mr. BURNS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. If there is no further morning business, morning business is closed.

NATIONAL VOTER REGISTRATION ACT OF 1993

MOTION TO PROCEED

The Senate continued to consider the motion to proceed.

The PRESIDING OFFICER. The pending business is the motion to proceed to S. 460.

CLOTURE MOTION

Ms. MOSELEY-BRAUN. Mr. President, on behalf of the majority leader, I send to the desk a cloture motion on the motion to proceed to S. 460, the motor-voter bill.

The PRESIDING OFFICER. The cloture motion, having been presented under rule XXII, the Chair, without objection, directs the clerk to read the motion.

The legislative clerk read as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of rule XXII of the Standing Rules of the Senate, hereby move to bring to a close the debate on the motion to proceed to S. 460, the motor-voter bill:

Wendell Ford, Tom Daschle, Bob Kerrey, Harlan Mathews, Harris Wofford, Patrick J. Leahy, Daniel K. Akaka, Jeff Bingaman, Dale Bumpers, Russell D. Feingold, Carol Moseley-Braun, Bob Krueger, Howard M. Metzenbaum, John Glenn, Joseph Lieberman, Don Riegle, Paul Wellstone, George Mitchell.

LIVE QUORUM WAIVED ON CLOTURE MOTION

Ms. MOSELEY-BRAUN. Mr. President, I ask unanimous consent that the mandatory live quorum as required under rule XXII be waived with respect to this cloture motion.

The PRESIDING OFFICER. Without objection, it is so ordered.

Ms. MOSELEY-BRAUN. Mr. President, I ask unanimous consent that the Senator from Tennessee be recognized to address the Senate, and that at the conclusion of his remarks, the Senate stand in recess as ordered.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BURNS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MATHEWS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

NATIONAL VOTER REGISTRATION ACT OF 1993

MOTION TO PROCEED

The Senate continued to consider the motion to proceed.

Mr. MATHEWS. Madam President, I rise today in support of S. 460, the National Voter Registration Act of 1993, dubbed as the motor-voter bill.

I also come to the floor to express my concern that early in the 103d Congress we are seeing the gridlock which was so much a topic in the recent Presidential election.

We are all aware that this legislation passed the House and Senate in the 102d Congress, but was vetoed by then-President Bush.

Although the Senate was not able to override Mr. Bush's veto, the plurality of that vote, 62 to 38, shows the bipartisan support which this bill has.

I would like to note that Senator FORD is joined by Senator HATFIELD as a primary sponsor of this legislation, legislation which lists Democrats and Republicans alike as cosponsors.

Yet, last night an objection was raised to consideration of the bill which has forced my colleague from Kentucky to file a cloture motion, further delaying consideration of the bill.

I certainly respect the rights of Senators to object to consideration of a bill, but this legislation has been debated for quite some time now, and our colleagues in the House passed identical legislation 1 month ago.

Madam President, concerns have been raised over the costs of this bill as well as the potential for increased voter fraud.

When I first reviewed the legislation I had similar concerns. I immediately contacted the State election commission in Tennessee to get their opinion of the bill and its potential impacts on my State. Madam President, no one is pretending that this bill does not carry some additional burdens for the States.

However, I believe the long-run benefits may outweigh those initial burdens.

Officials in the secretary of state's office in Tennessee were concerned initially about added costs. But after reviewing the registration processes they agreed that the greater part of increased expenses were needed regardless of this legislation and would certainly make the proposed registration procedures more efficient.

In the long run, Madam President, this efficiency will help in reducing costs.

Other arguments related to voter fraud are valid concerns.

However, I feel that State officials—working in conjunction with the Federal Election Commission in implementing this legislation—will establish appropriate safeguards to prevent voter fraud, safeguards similar to those which are already proving themselves to be effective in many States.

Madam President, these concerns aside—and they are valid concerns, ones I know we can address—my apprehension today relates to the posture taken by many in this body that this bill should not go forward; that States do not want this bill; that this is a bad bill on its face.

I would say to these individuals that those arguments echo the debates of those who opposed the 15th amendment to the Constitution preventing discrimination based on race, color or previous servitude; the debates of those who opposed the 19th amendment preventing discrimination based on sex; the debates of those who opposed the 24th amendment preventing discrimination based on ability to pay taxes; and the debates of those who opposed the 26th amendment granting the right to vote to all eligible citizens upon reaching the age of 18.

Like those amendments, this legislation is about expanding our democracy and increasing participation of U.S. citizens in the voting process.

Instead of discrimination based on age, class, sex, or race, we are seeking to eliminate the final barriers which make it difficult for many Americans to access voter registration processes.

The legislation is about allowing the voice of all Americans to be heard: not of rich or poor, black or white, southern or northern, and I would emphasize not of Republican or Democrat, but of all American citizens.

Madam President, I voted with the majority of my colleagues on the Senate Rules Committee to report this bill to the floor.

As we often hear, this is not a perfect bill, that is one reason the Federal Election Commission is charged with working with the States to establish registration procedures.

I may still support amendments which will improve the legislation, but currently the Senate cannot move to amendments because some in this body would hold up the action of the Senate by seeking to kill this bill.

We know that President Clinton supports this bill and will sign it when it comes to his desk.

I urge that this delaying process be ended once cloture is invoked, and I feel certain that it will be.

Those who have concerns about the bill should offer amendments and let the Senate act on those amendments individually.

When I came to this body just 2 months ago, I was impressed immediately by the relationship which exists between Senators—even though those Senators might differ greatly on issues.

I hope that we can move forward to debate those differences, not limit action on the floor.

I commend the floor manager, Senator FORD, for moving this bill to the floor quickly.

I now encourage my fellow Senators to invoke cloture so that we can consider this legislation, which will be a benefit to all Americans.

Madam President, I yield the floor.

ORDERS FOR TOMORROW

Ms. MOSELEY-BRAUN. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until 8:45 a.m., Friday, March 5; that following the prayer, the Journal of the proceedings be deemed approved to date and the time for the two leaders reserved for their use later in the day; that there be a period for morning business, not to extend beyond 9:20 a.m., with Senators permitted to speak therein for up to 5 minutes each; that immediately following the Chair's announcement, Senator NUNN be recognized to speak for up to 30 minutes; that at 9:20 a.m., the Senate resume debate on the motion to proceed to S. 460, with the time between 9:20 and 9:40 a.m. equally divided and controlled between Senators FORD and MCCONNELL; that at 9:40 a.m., as agreed to in a preceding agreement, the Senate vote, without any intervening action or debate, on the motion to invoke cloture on the motion to proceed to the consideration of S. 460.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS UNTIL TOMORROW AT 8:45 A.M.

The PRESIDING OFFICER. Under the previous order, the Senate stands in recess until 8:45 a.m., Friday, March 5.

Thereupon, the Senate, at 5:12 p.m., recessed until Friday, March 5, 1993, at 8:45 a.m.

NOMINATIONS

Executive nominations received by the Senate March 4, 1993:

THE JUDICIARY

RUSSELL F. CANAN, OF THE DISTRICT OF COLUMBIA, TO BE AN ASSOCIATE JUDGE OF THE SUPERIOR COURT OF THE DISTRICT OF COLUMBIA FOR THE TERM OF FIFTEEN YEARS, VICE RONALD P. WERTHEIM, RETIRED.

CONFIRMATIONS

Executive nominations confirmed by the Senate March 4, 1993:

DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

PETER B. BOWMAN, OF MAINE, TO BE A MEMBER OF THE DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION FOR A TERM EXPIRING AT THE END OF THE FIRST SESSION OF THE 103RD CONGRESS.

BEVERLY BUTCHER BYRON, OF MARYLAND, TO BE A MEMBER OF THE DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION FOR A TERM EXPIRING AT THE END OF THE FIRST SESSION OF THE 103RD CONGRESS.

JAMES A. COURTER, OF NEW JERSEY, TO BE A MEMBER OF THE DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION FOR A TERM EXPIRING AT THE END OF THE FIRST SESSION OF THE 103RD CONGRESS.

REBECCA GERNHARDT COX, OF THE DISTRICT OF COLUMBIA, TO BE A MEMBER OF THE DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION FOR A TERM EXPIRING AT THE END OF THE FIRST SESSION OF THE 103RD CONGRESS.

HANSFORD T. JOHNSON, OF TEXAS, TO BE A MEMBER OF THE DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION FOR A TERM EXPIRING AT THE END OF THE FIRST SESSION OF THE 103RD CONGRESS.

ARTHUR LEVITT, JR., OF NEW YORK, TO BE A MEMBER OF THE DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION FOR A TERM EXPIRING AT THE END OF THE FIRST SESSION OF THE 103RD CONGRESS.

HARRY C. MCPHERSON, JR., OF MARYLAND, TO BE A MEMBER OF THE DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION FOR A TERM EXPIRING AT THE END OF THE FIRST SESSION OF THE 103RD CONGRESS.

ROBERT D. STUART, JR., OF ILLINOIS, TO BE A MEMBER OF THE DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION FOR A TERM EXPIRING AT THE END OF THE FIRST SESSION OF THE 103RD CONGRESS.

JAMES A. COURTER, OF NEW JERSEY, TO BE CHAIRMAN OF THE DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION.

THE ABOVE NOMINATIONS WERE APPROVED SUBJECT TO THE NOMINEES' COMMITMENT TO RESPOND TO REQUESTS TO APPEAR AND TESTIFY BEFORE ANY DULY CONSTITUTED COMMITTEE OF THE SENATE.